SUPREME COURT, U.S.
FILED
AUG - 9 2004
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(10)

No. 03-409

IN THE

Supreme Court of the United States

KP PERMANENT MAKE-UP, INC, PETITIONER

v.

LASTING IMPRESSION I, INC;
MCN INTERNATIONAL, INC.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

JOINT APPENDIX
(Volume I: JA1 – JA189)

MICHAEL MACHAT
LAW OFFICES OF MICHAEL MACHAT, P.C.
9107 Wilshire Blvd.
Suite 425
Beverly Hills, CA 90210
(310) 860-1833

Counsel of Record for the Petitioner

CHARLES C.H. WU
WU & CHEUNG, LLP
7700 Irvine Center Drive,
Suite 710
Irvine, CA 92618
(949) 251-0111

Counsel of Record for the Respondents

CURRY & TAYLOR • WASH D.C. • [illegible]

PETITION FOR WRIT FILED AUGUST 18, 2003
CERTIORARI GRANTED JANUARY 9, 2004

BEST AVAILABLE COPY

Relevant Docket Entries:
United States District Court, Central District of California JA1
United States Court of Appeals for the Ninth Circuit JA30
Complaint, filed March 16, 2000 ..... JA38
Answer and Counterclaim, filed May 15, 2000 ..... JA42
Declaration of Lin McKinstry, accompanying Defendants' Ex Parte Application for Temporary Restraining Order, filed October 3, 2000 ..... JA58
Deposition transcript of Darlene Story, filed April 20, 2001 ..... JA71
Deposition transcript of Lin McKinstry, filed April 20, 2001 ..... JA91
Exhibits, accompanying Notice of Motion and Motion by Plaintiff for Summary Judgment, filed April 20, 2001:
Exh. E JA190
Exh. F JA191
Exh. G JA193
Exh. H JA195
Exh. I JA196
Exh. J JA228
Exh. K JA197
Exh. L JA207
Exh. N JA209
Exh. O JA210
Exh. Q JA211
Exh. R JA215

Exh. S(1-5) JA219
Exh. U JA224
Exh. W JA226
Declarations in Support of Plaintiff's Motion for Summary Judgment, filed April 20, 2001:
Declaration of Theresa Plante JA96
Declaration of Virginia Arabi JA104
Declaration of Loan Lam JA105
Declaration of Florida Arevado JA106
Declaration of Diane Tran JA107
Declaration of Maria Boyer JA108
Declaration of Aily Rashad JA109
Declaration of Ondina Calix JA110
Declaration of Maria Macial JA111
Declaration of Misma B JA112
Declaration of Wendy Gomez JA113
Declaration of Norma Abad JA114
Declaration of Diana Nguyen JA115
Declaration of Aurora Granades JA116
Declaration of Elvira Abrudan JA117
Notice of Motion and Motion by Defendants for Summary Adjudication, filed April 20, 2001 ..... JA118
Declarations and Exhibits in Support of Defendants' Motion for Summary Adjudication, filed April 20, 2001:
Declaration of Darlene Story JA130
Declaration of Lin McKinstry JA135
Declaration of Lydia Leung JA141
Exh. 4, Lasting Impression I, Inc., Marketing Brochure JA231
Opinion and Order, United States District Court, Central District of California, filed May 16, 2001 ..... Pet. App. 22a-31a
Opinion, United States Court of Appeals for the Ninth Circuit, filed April 30, 2003 ..... Pet. App. 1a-20a

Exh. 5, Lasting Impression I, Inc., Advertisements JA234
Exh. 41, Letter Signed By Tattooing International JA237
Opposition by Defendants to Plaintiff's Motion For Summary Judgment, filed April 30, 2001 ... JA143
Declarations and Exhibits in Support of Opposition to Plaintiff's Motion for Summary Judgment, filed April 30, 2001:
Declaration of Darlene Story JA163
Declaration of Lin McKinstry JA166
Declaration of Gloria Torres JA170
Reply Declaration and Exhibits in Support of Defendants' Motion for Summary Adjudication, filed May 7, 2001:
Reply Declaration of Lin McKinstry JA172
Exh. 46, Photographs of K.P. Permanent Make-Up Pigment Bottles with Labels JA238
Declaration and Exhibits in Support of Plaintiff's Reply to Opposition to Plaintiff's Motion for Summary Judgment, filed May 7, 2001:
Deposition transcript of Theresa Plante JA174
Judgment, United States District Court, Central District of California, filed May 16, 2001 ..... JA175

Pursuant to Rule 26.1, the following items were already reproduced in the appendix to the petition for a writ of certiorari at the pages indicated and, therefore, are not reproduced again in this joint appendix:

(Any footnotes trail the end of each document)

U.S. District Court
CENTRAL DISTRICT OF CALIFORNIA (Southern Division - Santa Ana)
CIVIL DOCKET FOR CASE #: 8:00-cv-00276-GLT-EE

KP Permanent Make-Up v. Lasting Impression, et al
Assigned to: Judge Gary L. Taylor
Referred to: Discovery Elgin Edwards
Demand: $0
Cause: 15:1121 Trademark Infringement

Date Filed: 03/16/2000
Jury Demand: Both
Nature of Suit: 840 Trademark
Jurisdiction: Federal Question

Plaintiff

KP Permanent Make-Up Inc

represented by **Michael Machat**
Michael Machat
Law Offices
9107 Wilshire Blvd,
Ste 425
Beverly Hills, CA
90210
310-860-1833
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

V.

Defendant		
Lasting Impression Inc	represented by	**Charles C H Wu** Charles C H Wu & Associates 7700 Irvine Center Dr Ste 710 Irvine, CA 92618-3043 949-251-0111 *LEAD ATTORNEY* *ATTORNEY TO BE NOTICED* **C William Kircher, Jr** C William Kircher Jr Law Offices 2 Park Plaza, Ste 300 Irvine, CA 92614-8513 949-474-2310 Fax: 949-261-1085 *TERMINATED: 02/18/2004*
MCN International Inc	represented by	**Charles C H Wu** (See above for address) *LEAD ATTORNEY* *ATTORNEY TO BE NOTICED*

		C William Kircher, Jr (See above for address) *TERMINATED: 02/18/2004*
Counter Claimant		
Lasting Impression Inc	represented by	**Charles C H Wu** (See above for address) *LEAD ATTORNEY* *ATTORNEY TO BE NOTICED* **C William Kircher, Jr** (See above for address) *TERMINATED: 02/18/2004*
MCN International Inc	represented by	**Charles C H Wu** (See above for address) *LEAD ATTORNEY* *ATTORNEY TO BE NOTICED* **C William Kircher, Jr** (See above for

address)
TERMINATED: 02/18/2004

V.

Counter Defendant

KP Permanent Make-Up Inc represented by **Michael Machat**
(See above for address)
LEAD ATTORNEY ATTORNEY TO BE NOTICED

Roes, *1 through 10 inclusive*

Date Filed	#	Docket Text
03/16/2000	1	COMPLAINT filed Summons ntoissd referred to Discovery Elgin Edwards (krpa) (Entered: 03/21/2000)
03/16/2000	2	Pla's Cert as to int ptys (krpa) (Entered: 03/21/2000)

05/15/2000	3	ANSWER to complaint [1-1] and COUNTERCLAIM by defendant Lasting Impression, defendant MCN Intl Inc against plaintiff KP Permanent Make-Up; cntdft Roes; jury demand ; summons issd (krpa) (Entered: 05/17/2000)
05/15/2000	4	Ntc OF INTERESTED PARTIES filed by defendant Lasting Impression, defendant MCN Intl Inc (krpa) (Entered: 05/17/2000)
05/15/2000		REPORT ON THE FILING OF AN ACTION REGARDING Trademark (cc: form mailed to Washington, D.C.)(Opening) (krpa) (Entered: 05/17/2000)
06/01/2000	5	ANSWER TO COUNTERCLAIM [3-2] by counter-defendant KP Permanent Make-Up (krpa) (Entered: 06/05/2000)
06/14/2000	7	NOTICE OF ERRATA of Address for MCN Intl, Inc. & Lasting Impression I, Inc.'s Attorney by defendant Lasting Impression, defendant MCN Intl Inc, counter-claimant Lasting Impression, counter-claimant MCN Intl Inc correcting (ca) (Entered: 06/19/2000)
06/16/2000	6	ORDER RE: (1) EARLY MEETING

		OF COUNSEL & (2) STATUS CONFERENCE by Judge Gary L. Taylor. Ord tht cnsl for the prtys shall personally meet w/in 30 days after the 1st dfts answer for Early Meeting of Counsel in compliance with L/R 6. All the requirements of tht Rule shall be complied with. Within 14 days after the Early Meeting, the prtys shall file a Joint Report of Early Meeting (Local Rule 6.5) reporting on all the matters required to be discussed under Local Rule 6.4. Filing directly in the So. Division at Santa Ana is encouraged. It Is Further Ordered tht this case is placed on cal for a Status Conf (Local Rule 6.9) on on the date & time stated in the caption of this Order in Courtroom 10D of the US Cofurthouse, 411 W. Fourth Street, Santa Ana, CA. Unless excused for good cause, each cnsl appearing at the Status Conf & at all pre-trial meetings shall be the atty who will be in charge of the conduct of the trial. Continuance of the Status Conf will be granted only upon a showing of good cause. Strict Compliance with Local Rules 6 (Early Meeting & Status Conference) & 9 (Pre-trial Proceedings) is required by the crt. Your attn is invited to the provisions of Local Rule 27 (Sanctions) & 28 U.S.C 1927

		(Expenses). Invitation for Conf Call: The crt invites any cnsl who would outherwise be traveling frm outside Orange Cty to participate in the Status Conf by telephone conf call. If you desire to participate by telephone conf call, you must notify the Courtroom Deputy Clerk, Kathy Peterson, at 714-338-4757 of your intentions w/in the wk bef the Status Conf is scheduled. The phone number, time to place the call, & the person who will place the call, will be established upon confirmation frm the Courtroom Deputy Clerk. Cnsl frm Orange Cty are expected to participate in the Status Conf in person unless otherwise instructed by the Court (ca) Modified on 06/19/2000 (Entered: 06/19/2000)
06/26/2000	8	JOINT REPORT OF EARLY MEETING OF COUNSEL filed. Estimated length of trial 4 days (ca) (Entered: 06/27/2000)
08/10/2000	9	SUPPLEMENT by defendant Lasting Impression, defendant MCN Intl Inc, counter-claimant Lasting Impression, counter-claimant MCN Intl Inc re joint report for status conference [8-1] (ca) (Entered: 08/16/2000)

08/14/2000	10	MINUTES: STAT CONF discovery ddl set on 3/1/01 ; pretrial conference on 1:30 6/1/01; trial shall be 7/2001 by Judge Gary L. Taylor CR: not present (kh) (Entered: 08/16/2000)
08/14/2000	11	TRIAL PREP ORDER by Judge Gary L. Taylor (see doc for specifics) discovery ddl 3/01/00; pretrial conf set 1:30 6/01/01; jury trial 7/2001 (kh) (Entered: 08/16/2000)
10/03/2000	12	EX PARTE APPLICATION filed by defendant Lasting Impression, counter-claimant Lasting Impression for temporary restraining order , and for an order to show cause re prelim inj , or alt for summary judgment ; Memo of P/A; Decls of Darlene Story, Lin McKinstry & Charles C H Wu; Lodged Prop Ord (kh) (Entered: 10/06/2000)
10/03/2000	13	DECLARATION of Charles C H Wu by defendant Lasting Impression, counter-claimant Lasting Impression re exparte motion for temporary restraining order [12-1], exparte motion for an order to show cause re prelim inj [12-2], exparte motion for summary judgment [12-3] (kh) (Entered:

		10/06/2000)
10/05/2000	15	OPPOSITION by plaintiff KP Permanent Make-Up to exparte motion for temporary restraining order [12-1], exparte motion for an order to show cause re prelim inj [12-2], exparte motion for summary judgment [12-3] (jd) (Entered: 10/13/2000)
10/05/2000	16	DECLARATION of Michael Machatin in supprt by plaintiff KP Permanent Make-Up re motion response [15-1] (jd) (Entered: 10/13/2000)
10/06/2000	14	MINUTES: (In Chambers): denying dft's exparte appl for temporary restraining order [12-1]; Crt construes exparte appl for an order to show cause re prelim inj [12-2] and/or summary judgment [12-3] to be a mot & sets for hrg on 12/11/00 at 10:00 12/11/00; w/in times provided by law, an pty may file opp to the mot & the moving pty may file a resp by Judge Gary L. Taylor CR: none present (kh) (Entered: 10/06/2000)
10/11/2000	17	NOTICE OF MOTION AND MOTION by plaintiff KP Permanent Make-Up for leave to amend reply to counterclaim ; Memo of PA's;

		Declar of Michael Machatin suppt thereof; motion hearing set for 10:00 a.m., on 11/6/00. Lodged Prop Amd Reply To Cntclm (ca) (Entered: 10/18/2000)
10/27/2000	18	MINUTES: (In Chambers): Plf's motion for leave to amend reply to counterclaim [17-1] is granted & the hrg of 11/6/00 is taken off-cal; by Judge Gary L. Taylor; CR: None Present (ad) (Entered: 10/30/2000)
10/27/2000	19	AMENDED REPLY TO COUNTERCLAIM [3-2] by counter-defendant KP Permanent Make-Up (ad) (Entered: 10/30/2000)
11/27/2000	20	SUPPL OPPOSITION by plaintiff KP Permanent Make-Up to appl for injunctive relf [12-2]; decl of Michael Machat; exhs (kh) (Entered: 12/09/2000)
12/04/2000	21	REPLY by defendant MCN Intl Inc, counter-claimant Lasting Impression in support of its motion for an order to show cause re prelim inj or in the alt request for monetary sanctions [12-2] (csb) (Entered: 12/11/2000)
12/04/2000	22	OBJECTIONS by defendant MCN Intl Inc, counter-claimant Lasting Impression to plaintiffs evidence

		per its original opposition in Oct 2000 and its suppl opposition in Nov 2000 re: exparte motion for an order to show cause re prelim inj [12-2] (csb) (Entered: 12/11/2000)
12/07/2000	24	SUR-REPLY by plaintiff KP Permanent Make-Up to dft's exparte motion for temporary restraining order [12-1], & exparte motion for an order to show cause re prelim inj [12-2]; decl of Michael Machat; exh (mrgo) (Entered: 12/22/2000)
12/11/2000	23	MINUTES (In Chambers): the crt takes exparte motion for an order to show cause re prelim inj [12-2] under submission; the hrg of 12/11/00, is taken off-cal; by Judge Gary L. Taylor CR: none present (rmi) Modified on 12/11/2000 (Entered: 12/11/2000)
01/12/2001	25	ORDER by Judge Gary L. Taylor denying dft's motion for prelim inj [12-2], finding the exparte motion for summary judgment [12-3] moot; (see doc for specifics); (Ent 1/17/01) (rmi) (Entered: 01/17/2001)
01/12/2001		PLACED IN FILE - NOT USED prop tro & osc (rmi) (Entered: 01/20/2001)

01/19/2001	26	REQUEST FOR CLARIFICATIONS & OBJECTIONS filed by defendant Lasting Impression to Ord denying Dft's mot for P/I [12-1], [12-2], [12-3] (ad) (Entered: 01/26/2001)
01/31/2001	27	DECLARATION of Michael Machat by plaintiff, counter-defendant KP Permanent Make-Up in resp to the Crt's OSC why sanctions should not be awarded to Dft; Exh (ad) (Entered: 02/05/2001)
02/20/2001	28	STIPULATION and ORDER by Judge Gary L. Taylor that ptys have thru & incl 4/1/01 to complete discov; motions for summ jgm must be heard at leas 20 days bef PTC (rmi) (Entered: 02/23/2001)
02/28/2001	29	NOTICE by defendant Lasting Impression, defendant MCN Intl Inc, counter-claimant Lasting Impression, counter-claimant MCN Intl Inc of plf's lack of opp to 1/12/01 OSC (rmi) (Entered: 03/05/2001)
03/02/2001	30	MINUTES: (In Chambers): ORDER RE: VACATION OF OSC; Plf has set forth adequate reasons why sanctions should not be awarded to Dft. Accordingly the OSC is vacated; by Judge Gary L. Taylor; CR: None Present (ad) (Entered:

		03/06/2001)
03/02/2001	31	NOTICE by defendants, counter-claimants MCN Intl Inc, Lasting Impression Re Stip for depo sched past discov cut-off w/request for Crt permission (ad) (Entered: 03/07/2001)
03/05/2001	33	MEMORANDUM OF PA IN REPLY by defendant Lasting Impression, defendant MCN Intl Inc, counter-claimant Lasting Impression, counter-claimant MCN Intl Inc to lplf's opp to crt's OSC re sanctions (rmi) (Entered: 03/09/2001)
03/06/2001	32	DECLARATION of Charles C H Wu by defendants, counter-claimants MCN Intl Inc, Lasting Impression in Reply to Plf's Opp to Crt's OSC Re Sanctions (ad) (Entered: 03/08/2001)
03/12/2001	34	ORDER by Discovery Elgin Edwards: Ord for settlement conference for 11:00am on 5/8/01 ; non-confidential stmt required as instructed below (see doc for specifics) (mt) (Entered: 03/14/2001)
03/12/2001	35	NOTICE OF SETTLEMENT CONF & ORDER by Judge Gary L. Taylor: that Sttlmnt Conf has been

		calendared for 5/8/01 11:00 (ad) (Entered: 03/16/2001)
03/12/2001	36	Stipulation*****DOCKETED TO THIS CASE IN ERROR***** (ad) (Entered: 03/15/2002)
03/15/2001	37	STIPULATION and ORDER by Judge Gary L. Taylor: the ptys' propsd cross mots for summ jgm shall be heard on 5/14/01 at 10:00; the ptys shall serve their respective mots w/sufficient time for cnsl to receive the mots by NLT 4/20/01; the depo wits shall have 21 days from transmittal of the depo transc to make any changes & to sign the transc; the ptys' opp & reply briefs shall be per rule (ad) (Entered: 03/23/2001)
03/30/2001	38	NOTICE by defendants, counter-claimants of Ord Re Stip for scheduling of cross motions for summ jgm (ad) (Entered: 04/05/2001)
04/20/2001	39	NOTICE OF LODGING by plaintiff KP Permanent Make-Up re the deposition transcripts of Darlene Story & Lin McKinstry. (ts) (Entered: 04/24/2001)
04/20/2001	40	NOTICE OF LODGING by defendant Lasting Impression,

		defendant MCN Intl Inc re deposition transcripts in support of mot for sum adj. (ts) (Entered: 04/24/2001)
04/20/2001	41	NOTICE OF MOTION AND MOTION by plaintiff KP Permanent Make-Up for summary judgment , and/or for summary adjudication ; motion hearing set for 10:00am on 5/14/01. (ts) (Entered: 04/24/2001)
04/20/2001	42	DECLARATION of Michael Machat by plaintiff KP Permanent Make-Up in support of re motion for summary judgment [41-1], motion for summary adjudication [41-2] (ts) (Entered: 04/24/2001)
04/20/2001	43	NOTICE OF MOTION AND MOTION by defendant Lasting Impression, defendant MCN Intl Inc for summary adjudication ; memo of PA; motion hearing set for 10:00am on 5/14/01. (ts) (Entered: 04/24/2001)
04/20/2001	44	DECLARATION of Darlene Story, Lin McKinstry, Lydia Leung and Charles C H WU by defendant Lasting Impression, defendant MCN Intl Inc in support of motion for summary adjudication [43-1]. (ts) (Entered: 04/24/2001)

04/25/2001	45	STIPULATION and ORDER by Judge Gary L. Taylor: it is so ORD that leave is GRANTED for the ptys to complete 3rd-pty wit depos during May 15-31, 2001, unless said depos are mooted by the Crt's ruling on 5/14/01 re the cross-motions for summ jgm (ad) (Entered: 04/26/2001)
04/27/2001	46	OPPOSITION by plaintiff KP Permanent Make-Up to motion for summary adjudication [43-1]; memo of p/a (kh) (Entered: 05/02/2001)
04/27/2001	47	STATEMENT of genuine issues of material fact by plaintiff KP Permanent Make-Up in opp to dfts' motion for summary adjudication [43-1] (kh) (Entered: 05/02/2001)
04/27/2001	48	DECLARATION of Michael Machat by plaintiff KP Permanent Make-Up in opp to dfts' motion for summary adjudication [43-1] (kh) (Entered: 05/02/2001)
04/30/2001	49	OPPOSITION by defendant MCN Intl Inc, defendant Lasting Impression, counter-claimant MCN Intl Inc, counter-claimant Lasting Impression to motion for summary judgment [41-1], motion for summary adjudication [41-2] (kh)

		(Entered: 05/02/2001)
04/30/2001	50	DECLARATION of Darlene Story, Lin McKinstry & Gloria Torres by defendant MCN Intl Inc, defendant Lasting Impression, counter-claimant MCN Intl Inc, counter-claimant Lasting Impression in opp to motion for summary judgment [41-1] (kh) (Entered: 05/02/2001)
04/30/2001	51	REQUEST by defendant MCN Intl Inc, defendant Lasting Impression, counter-claimant MCN Intl Inc, counter-claimant Lasting Impression for judicial notice in opp to motion for summary judgment [41-1], & motion for summary adjudication [41-2] (kh) (Entered: 05/02/2001)
04/30/2001	52	OBJECTIONS to KP Permanent Make-Up's decls by defendant MCN Intl Inc, defendant Lasting Impression, counter-claimant MCN Intl Inc, counter-claimant Lasting Impression re motion for summary judgment [41-1], motion for summary adjudication [41-2] (kh) (Entered: 05/02/2001)
04/30/2001	53	RESPONSE by defendant MCN Intl Inc, defendant Lasting Impression, counter-claimant MCN Intl Inc, counter-claimant Lasting

		Impression to sep stmt of uncontrov facts & conclus of law re motion for summary judgment [41-1], to motion for summary adjudication [41-2] (kh) (Entered: 05/02/2001)
05/01/2001	54	DECLARATION of Lydia Leung by defendant MCN Intl Inc, defendant Lasting Impression, counter-claimant MCN Intl Inc, counter-claimant Lasting Impression in opp to motion for summary judgment [41-1] (kh) (Entered: 05/03/2001)
05/07/2001	56	REPLY MEMORANDUM OF P/A by defendants, counter-claimants Lasting Impression, MCN Intl Inc in suppt of their motion for summary adjudication [43-1] (ad) (Entered: 05/15/2001)
05/07/2001	57	REPLY DECLARATION of Lin McKinstry by defendants, counter-claimants in suppt of their motion for summary adjudication [43-1] (ad) (Entered: 05/15/2001)
05/07/2001	58	OBJECTIONS filed by defendants, counter-claimants to Decl of Theresa Kim Plante fld by Plaintiff (ad) (Entered: 05/15/2001)
05/07/2001	59	OBJECTIONS filed by plaintiff, counter-defendant KP Permanent

		Make-Up to evid offered by dfts in opp to Plf's motion for summary judgment [41-1], and/or summary adjudication [41-2] (ad) (Entered: 05/15/2001)
05/07/2001	60	REPLY by plaintiff, counter-defendant to opp to motion for summary judgment [41-1], and/or summary adjudication [41-2] (ad) (Entered: 05/15/2001)
05/07/2001	61	DECLARATION of Michael Machat by plaintiff, counter-defendant in reply to opp to motion for summary judgment [41-1], and/or summary adjudication [41-2]; Exhibits (ad) (Entered: 05/15/2001)
05/08/2001	55	MINUTES: Mandatory Settlement Conference held : The case was not settled; however, the ptys may be able to settle if issues are narrowed aft pending mots for summ jgm are decided; by Discovery Elgin Edwards; CR: n/a (ad) (Entered: 05/11/2001)
05/08/2001	62	NOTICE by defendants, counter-claimants of Order Re Stip for depo schedule past discov cut-off fld 4/25/01 (ad) (Entered: 05/15/2001)
05/10/2001	63	OBJECTIONS filed by plaintiff, counter-defendant KP Permanent

		Make-Up to reply decl of Lin McKinstry in opp to motion for summary judgment [41-1], and/or summary adjudication [41-2] (ad) (Entered: 05/16/2001)
05/15/2001	66	MINUTES: HEARING ON PLF'S MOT FOR SUMM JGM AND/OR SUMM ADJ: The Crt takes the matter under submission; by Judge Gary L. Taylor; CR: Sally Marshall (ad) (Entered: 05/18/2001)
05/16/2001	64	ORDER by Judge Gary L. Taylor: Plf's motion for summary judgment [41-1], [41-2] is GRANTED; Dft's motion for summary adjudication [43-1] is DENIED; Plf is entitled to cont to use the phrase "microcolors" in the way it has been using it since 1991, as it pertains to its hues & pigments; Dfts are entitled to use their trademarked logo containing the phrase "micro colors". (ad) (Entered: 05/17/2001)
05/16/2001	65	JUDGMENT: by Judge Gary L. Taylor: This Crt having heard plf's mot for summ jgm, hereby finds for the plf & makes the fol rulings: 1.There exists no genuine issue of material facts in this case, & plf is entitled to jgm in its behalf; 2.The words "micro colors" are generic &

		incapable of obtaining protection under the laws of Trademarks & Unfair Competition; 3.Dfts do not have the exclusive use or rights to the fol terms: "microcolors" & "micro colors"; 4.Dfts are hereby prohibited from interfering w/plf's use of the words "micro colors" and/or "microcolors" and/or "micro color" and/or "microcolor."; 5.Plf is entitled to recover its cost & attys fees incurred in this action terminating case (MD JS-6) (ENT 5/17/01) (SEND/NTC) (ad) (Entered: 05/17/2001)
05/16/2001		PLACED IN FILE - NOT USED Propsd Stmt of uncontroverted facts & concls of law Lodged 4/20/01 (ad) (Entered: 05/22/2001)
05/16/2001		PLACED IN FILE - NOT USED Propsd Ord Lodged 4/21/01 (ad) (Entered: 05/22/2001)
05/16/2001		PLACED IN FILE - NOT USED Lasting Impressions I Inc's and MCN Intl Incs separate statment of uncontroverted facts and conclusions of law in support of motion for summary adj (csb) (Entered: 05/23/2001)
05/16/2001		PLACED IN FILE - NOT USED Lasting Impressions I Incs and

		MCN Intl Incs reply separate stmt of uncontroverted facts and conclusions of law in support of motion for summary ajd (csb) (Entered: 05/23/2001)
05/29/2001	67	NOTICE OF APPL TO TAX COST; BILL OF COSTS RETURNABLE submitted by plaintiff KP Permanent Make-Up re [65-2]; bill of cost hearing set on 10:00 6/15/01 (kh) (Entered: 06/06/2001)
05/30/2001	68	NOTICE OF MOTION AND MOTION by plaintiff, counter-defendant KP Permanent Make-Up for $56,902.50 in attorney fees ; Decl of Michael Machat; Exhibits; motion hearing set for 10:00 6/25/01 (ad) (Entered: 06/06/2001)
06/06/2001	69	NOTICE OF ASSOCIATION of Counsel for defendants, counter-claimants Lasting Impression, counter-claimant MCN Intl Inc by attorney C William Kircher Jr (ad) (Entered: 06/11/2001)
06/06/2001	70	OBJECTIONS filed by defendants, counter-claimants to Plf's bill of costs [67-1] (ad) (Entered: 06/11/2001)
06/11/2001	71	OPPOSITION by defendant Lasting Impression, defendant MCN Intl

		Inc to motion for attorney fees [68-1]; Decl of Charles C H Wu. (ts) (Entered: 06/12/2001)
06/15/2001	72	STIPULATION filed Re Taxing of Costs [67-1] : Cnsl have conferred & agreed that costs may be taxed in the agreed amt of $1570.75; Cnsl wish to avoid the fur expense of an appearance on 6/15/01, & accordingly have submitted this stip (ad) (Entered: 06/19/2001)
06/15/2001		COSTS taxed for plaintiff KP Permanent Make-Up in the amount of $ 1,570.75 against defendant(cc: all counsel); bill of cost hearing held (csb) (Entered: 06/19/2001)
06/15/2001	73	NOTICE OF APPEAL/Representation Statement by defendants Lasting Impression I, Inc. & MCN International, Inc. to 9th C/A from Dist. Court Jgm fld 5/16/01 & ent 5/17/01 [65-2], Ord fld 5/16/01 & ent 5/17/01 [64-1] (cc: Charles C.H. Wu, Charles C.H. Wu & Associates; C. William Kircher, Jr.; Michael Marchat) Fee: Billed. (pjap) (Entered: 06/19/2001)
06/18/2001	76	REPLY by plaintiff, counter-defendant KP Permanent Make-Up to opp to motion for $56,902.50 in attorney fees [68-1] (ad) (Entered:

		06/26/2001)
06/20/2001	74	MINUTES: [In Chambers] Plf's Motion for $56,902.50 in attorney fees [68-1]: Plf, contending it takes the role of "defendant" in this action, has failed to show evid that Dft Lasting Impression Inc acted in bad faith or even "something less than bad faith"; The fact Dft did not prevail does not indicate it fld frivolous claims; Plf's mot for atty fees is DENIED; by Judge Gary L. Taylor; CR: None Present (ad) (Entered: 06/21/2001)
06/20/2001	75	OBJECTIONS by defendants, counter-claimants Lasting Impression, MCN Intl Inc to Plf's reply to opp to Motion for $56,902.50 in attorney fees [68-1] (ad) (Entered: 06/22/2001)
06/29/2001		Appeal Fee Paid re [73-1] fee in amount of $ 105.00 (wdc) (Entered: 06/29/2001)
07/16/2001	77	TRANSCRIPT DESIGNATION and ordering form for dates: 5/15/01 CR: S. Marshall. (fvap) (Entered: 07/17/2001)
07/23/2001	78	NOTIFICATION by Circuit Court of Appellate Docket Number appeal [73-1] 01-56055. (ghap) (Entered:

		07/23/2001)
10/04/2001	79	NOTICE OF ORDER FROM THE US COURT OF APPEALS FOR THE 9TH CIRCUIT by dfts, cntclms, and appellants MCN Intl Inc, Lasting Impression (mt) (Entered: 10/12/2001)
10/18/2001	80	RECEIPT for Reporter's transcript (mg) (Entered: 10/25/2001)
10/18/2001		TRANSCRIPT filed for proceedings held on 5/15/01 (mg) (Entered: 10/25/2001)
01/02/2002	81	ORDER FROM USCA applnt's second mot for an ext of time to file the opening brief is GR. 01-56055 (ghap) (Entered: 01/10/2002)
01/14/2002	82	ORDER FROM USCA: Applnt's opposed 3rd mot for ext of time in which to file opening brief is GR. Opening brief due 2/9/02. Applnt is reminded of obligation to file brief w/in prev req ext of time. Any fur req to extend opening brief's due date is disfavored. Answering brief due 3/11/02. Optional reply brief due 14 days from svc of answering brief. (01-56055) (pjap) (Entered: 01/17/2002)

04/25/2002	83	ORDER FROM USCA: Aplles' 2nd mot for ext of time to file answering brief GR. Answering brief now due 5/16/02. Optional reply brief due 14 days from svc of answering brief. (01-56055) (pjap) (Entered: 05/06/2002)
05/15/2002	84	Order from USCA: Aplle's third mot for ext of time to file the ans brief is gr. The ans brief is due 530/02. The optional reply brief is due 14 days frm svc of ans brief. Any fur req for ext of time to file the ans brief is disfavord. 01-56055 (dlu) (Entered: 05/28/2002)
09/06/2002	85	ORDER FROM USCA applnt's mot for an ext to file reply brief is GR. The reply brief is now due on or before 9/12/02. (01-56055) (ghap) (Entered: 09/11/2002)
10/28/2002	86	CERTIFICATE of Record Transmitted to USCA # 01-56055 (cc: all parties) (dlu) (Entered: 10/28/2002)
10/28/2002	87	CLERK'S record on appeal transmitted to Circuit [73-1] vols: 5, transcripts: 1 and 2 bulky docs Nos. 12 & 44. 01-56055 (dlu) (Entered: 10/28/2002)
06/02/2003		REMARK - Lodged CC 9th CCA

		JGM Jugment of District Court is reversed & remanded. (01-56055) (cbr) (Entered: 06/06/2003)
06/10/2003	88	MEMORANDUM by defendants and counterclaimants Lasting Impression, MCN Intl Inc supporting proposed order to Accord with the court of appeals opinion [87-1] (twdb) (Entered: 06/12/2003)
06/13/2003	89	NOTICE of hearing; IN COURT HEARING RE: Filing and Spreading Judgment of Court of Appeals (civil) set on 1:30 7/1/03 (twdb) (Entered: 06/16/2003)
06/23/2003	90	NOTICE OF CHANGE Of Address filed by atty Michael Machat for counter-defendant KP Permanent Make-Up 9107 Wilshire Boulevard, Suite 425, Beverly Hills 90210 (twdb) (Entered: 06/24/2003)
06/24/2003	91	MEMORANDUM AND OBJECTIONS by plaintiff KP Permanent Make-Up to defendants' proposed order to accord with the 9th Circuit Order; Declaration of Michael Machat; Exhibits (twdb) (Entered: 06/25/2003)
06/27/2003	92	REPLY MEMORANDUM by defendants in support of proposed

		order to accord with the court of appeals opinion (twdb) (Entered: 06/30/2003)
06/30/2003	93	CERTIFIED COPY of Appellate Court Order: #01-56055 reversing and remanding the Decision of the District Court Appeal [73-1] (twdb) (Entered: 07/02/2003)
07/01/2003	94	MINUTES: THE COURT ORDERS that the mandate of the Ninth Circuit of Appeals: affirming is hereby filed and spread upon the minutes of this U.S.District Court. Trial shall be during the month of June 2004. Before the parties attend the pretrial conference, they shall participate in another settlement conference. Discovery cutoff set on 2/5/05; Pretrial Conference set for 1:30 5/7/04 by Judge Gary L. Taylor, CR: not present (twdb) (Entered: 07/02/2003)
07/02/2003		PLACED IN FILE - NOT USED proposed order on cross motions for summary judgment to accord with opinion by court of appeals (twdb) (Entered: 07/03/2003)
01/15/2004	95	MINUTES In Chambers; Case should have been re-opened on entry dated 7/1/03; before Judge

		Gary L. Taylor : (Case reopened. MD JS-5.) Court Reporter: not present. (twdb,) (Entered: 01/20/2004)
01/15/2004	96	STIPULATION AND ORDER To Stay This Case Pending The Decision of The US Supreme Court on the Matter Now Before It by Judge Gary L. Taylor : The parties stipulate that this case be stayed, including all outstanding discovery and all noticed depositions, pending a decision from the US Supreme Court. Within 10 days upon learning of the decision of U.S. Supreme Court, plaintiff's counsel shall notify the court and request a status conference. At the subsequent status conference, if appropriate, the case shall be reactivated and new dates set by the court. (Made JS-6. Case Terminated.)(twdb,) (Entered: 01/20/2004)
02/18/2004	97	NOTICE of disassociation of C. William Kircher, Jr filed by defendants and counterclaimants Lasting Impression Inc, MCN International Inc. (twdb,) (Entered: 02/24/2004)

General Docket
US Court of Appeals for the Ninth Circuit
Court of Appeals Docket #: 01-56055
Filed: 6/21/01
Nsuit: 3840 Trademark (Fed)
KP Permanent Make-up v. Lasting Impression, et al
Appeal from: Central District of California (Santa Ana)

Case type information:
1) civil
2) private
3)

Lower court information:

District: 0973-8 : CV-00-00276-GLT
presiding judge: Gary L. Taylor, District Judge
Date Filed: 3/16/00
Date order/judgment: 5/16/01
Date NOA filed: 6/15/01

Fee status: paid

Prior cases:
None
Current cases:
None

KP PERMANENT MAKE-UP INC
Plaintiff-counter- defendant - Appellee
Michael Machat, Esq.
310-551-3030
Suite 730
[COR LD NTC ret]
MICHAEL MACHAT LAW OFFICES

433 North Camden Drive
Beverly Hills, CA 90210

v.

LASTING IMPRESSION INC
Defendant-counter- claimant - Appellant
Charles Wu, Esq.
949-251-0111
[COR LD NTC ret]
Mark H. Cheung
[COR LD NTC ret]
CHARLES C.H. WU & ASSOCIATES
7700 Irvine Center Drive.
Suite 710
Irvine, CA 92618-3043

C. William Kircher, Jr., Esq.
FAX 949/261-1085
949/474-2310
Suite 300
[COR LD NTC ret]
LAW OFFICES OF C. WILLIAM
KIRCHER, JR.
2 Park Plaza
Irvine, CA 92614-8513

MCN INTERNATIONAL INC
Defendant-counter-
claimant - Appellant
Charles Wu, Esq.
(See above)
[COR LD NTC ret]
Mark H. Cheung
(See above)
[COR LD NTC ret]

C. William Kircher, Jr., Esq.
(See above)
[COR LD NTC ret]

ROES 1 THROUGH 10, inclusive
Counter-defendant -
Appellee
No appearance
[NTC]

KP PERMANENT MAKE-UP INC

Plaintiff-counter-defendant - Appellee

v.

LASTING IMPRESSION INC; MCN INTERNATIONAL INC;

Defendants-counter-claimants - Appellants

ROES 1 THROUGH 10, inclusive

Counter-defendant - Appellee

6/21/01 DOCKETED CAUSE AND ENTERED APPEARANCES OF COUNSEL. CADS SENT (Y/N): N. Setting schedule as follows: appellant's designation of RT is due 6/25/01; appellee's designation of RT is due 7/5/01; appellant shall order transcript by 7/16/01; court reporter shall file transcript in DC by 8/15/01; certificate of record shall be filed by 8/22/01; appellant's opening brief is due 10/1/01; appellees' brief is due 10/31/01; appellants' reply brief is due 14 days from service of appellee's brief. [01-56055] (se)

9/24/01 Filed attorney for Appellant Civil Appeals Docketing Statement served on 9/17/01 (to CONFATT) [01-56055] [01-56055] (lu)

10/1/01 Filed order CONFATT (vls) This case is under consideration for incl in the Mediation Program. A settlement assessment conf will be hekd by phone on 10/18/01 at 2:00pm pacific time... The br sched prev set by the ct remains in effect, [01-56055] (gar)

10/1/01 Filed order (Deputy Clerk: jlc) The ct is in receipt of aplt's notice of reporter default under 9th CR 11-1.2. ...The transcript is now due on 10/18/01. The op br and excerpts of record are due 11/27/01, the ans br is due 12/27/01, and the op reply br is due 14 days from service... A copy of this order shall be provided to Ct Rptr Sally Marshall at the dc. [01-56055] (gar)

10/1/01 Filed Sally Marshall's notice of order of transcript. RT ordered 7/16/01; Expected payment date: 9/24/01; Number of pages: ; Expected completion: 10/23/01 [01-56055] (gar)

10/22/01 Filed order CONFATT (SL) The ct has determined that this appeal will not be sel for incl in the Mediation Program...The br sched set forth in the ct's order filed 10/1/01 shall remain in effect... [01-56055] (gar)

10/22/01 Filed certificate of record on appeal RT filed in DC [01-56055] (gar)

11/26/01 Filed motion & clerk order Promo: (Deputy Clerk: jlc) Aplts' mtn for an ex.tm.f the opening br is granted. The opening br is now due 12/27/01. The ans br is due 1/28/02. The optional rpy br is due 14 days from service of the ans br. This order was issed prior to the

expiration of time within which a response may be filed. (mtn rcvd 11/20/01) [4306252-1] [01-56055] (gva)

12/26/01 Filed motion of Appellant and deputy clerk order :(Deputy Clerk: cb) granting motion & order to extend time to file appellant's opening brief [4326492-1] appellants' opening brief due 1/10/02, ; appellees' brief due 2/11/02; the opt reply br is due 14 days from service... This order was issued prior to the exp of time within which a response may be filed. (Motion recvd 12/20/01) [01-56055] (gar)

1/3/02 Filed Appellant Lasting Impression, Appellant MCN International's motion to extend time to file appellant's opening brief [01-56055] [01-56055] served on 1/2/02 WIP/PROMO [4332102] [01-56055] (gar)

1/11/02 Filed order (Appellate Commissioner) Aplts' opposed third mtn for an ext of time to file the op br is granted. [4332102-1] appellants' opening brief due 2/9/02 (2/11/02) ; appellees' brief due 3/11/02; opt reply br is due 14 days from service... Any further request to ext the op br's due date is disfavored. (PROMO) [01-56055] (gar)

2/13/02 Filed original and 15 copies Appellant Lasting Impression, Appellant MCN International opening brief (Informal: n) 36 pages and five excerpts of record in 2volumes; served on 2/11/02 [01-56055] (gar)

3/12/02 Filed motion of Appellee and deputy clerk order :(Deputy Clerk: lkk) granting late motion to extend time to file appellee's brief [4381748-1] appellees' brief due 4/25/02; opt reply br is due 14 days from service... (Motion recvd 3/5/02) [01-56055] (gar)

4/22/02 Filed motion of Appellee and deputy clerk order :(Deputy Clerk: lkk) granting 2nd motion to extend time to file appellee's brief [4414069-1] appellees' brief due 5/16/02; opt reply br is due 14 days from service... (Motion recvd 4/18/02) [01-56055] (gar)

5/13/02 Filed motion of Appellee and deputy clerk order :(Deputy Clerk: lkk) granting aple's 3rd motion to extend time to file appellee's brief [4429512-1] appellees' brief due 5/30/02; opt reply br is due 14 days from service... Any further request for an ext of time to file the ans br is disfavored. (Motion recvd 5/9/02) [01-56055] (gar)

6/3/02 Received orig. 15 copies KP Permanent Make-up's brief of 62 pages and 5 suppl excerpts in 1 vol; served on 5/30/02 deficient: oversized excerpts. Notified counsel [01-56055]
AT ATTY'S REQUEST, EXCERPTS WERE PICKED UP BY MESSENGER TO
BE RET'D TO APLE ON 6/11/02. (gar)

6/12/02 Filed motion of Appellant and deputy clerk order :(Deputy Clerk: lkk) granting motion to extend time to file reply brief [4454192-1] appellants' reply brief due 7/29/02. (Motion recvd 6/7/02) [01-56055] (gar)

6/17/02 Filed original & 15 copies Aple KP Permanent Make-up's 62 pages brief, 5 Supplemental Excs.; served on 5/30/02 [01-56055] (gva)

7/1/02 Received from US atty Debra W. Yang letter dated 6/26/02 re: govt does not intend to make appearance in case (had not been listed as a party anyway) [01-56055] (gar)

7/17/02 Calendar check performed [01-56055] (aw)

7/24/02 Filed Appellant Lasting Impression, Appellant MCN International's motion to extend time to file reply brief for 45 days [01-56055] served on 7/23/02 [4489888] WIP/PROMO forwarded to Panel by Promo via fax 8/5/02 (gar)

7/29/02 Calendar materials being prepared. [01-56055] [01-56055] (rei)

7/31/02 CALENDARED: Pasadena Oct 9 2002 9:00 a.m. Courtroom 2 [01-56055] (th)

9/4/02 Filed order (Deputy Clerk: rr) granting appellant's motion to extend time to file reply brief [4489888-1] appellants' reply brief due 9/12/02. PHONED/FAXED [01-56055] (gar)

9/10/02 Filed original and 15 copies Lasting Impression, MCN International reply brief, (Informal: n) 20 pages; served on 9/9/02 FEDEXED TO PANEL [01-56055] (gar)

9/27/02 Rec'd notice of change of address from C. William Kircher for Appellant MCN International dated 9/23/02. New address: C. WILLIAM KIRCHER, JR. A PROF CORP / 2 Park Plaza Ste. 300 /Irvine, CA 92614. [01-56055] (gar)

10/9/02 ARGUED AND SUBMITTED TO Procter R. HUG, Melvin BRUNETTI, Diarmuid F. O'SCANNLAIN [01-56055] (rmw)

10/29/02 Filed supplemental/amended certificate of record. RT's filed on 10/18/01 [01-56055] (pg)

4/30/03 FILED OPINION: REVERSED REMANDED (Terminated on the Merits after Oral Hearing; Reversed;

Written, Signed, Published. Procter R. HUG, author; Melvin BRUNETTI;Diarmuid F. O'SCANNLAIN.) FILED AND ENTERED JUDGMENT. [01-56055] (gar)

5/14/03 [4736776] Filed original and 3 copies Appellee KP Permanent Make-up petition for rehearing, (PANEL) 6p.pages, served on 5/13/03 [01-56055] (gar)

5/20/03 Filed order (Procter R. HUG, Melvin BRUNETTI, Diarmuid F. O'SCANNLAIN,): denying petition for rhrg [4736776-1] [01-56055] (gar)

5/28/03 MANDATE ISSUED [01-56055] (gar)

9/22/03 Received notice from Supreme Court: petition for certiorari filed Supreme Court No. 03-409 filed on 8/18/03. CASEFILE [01-56055] (gar)

CASE NO: SA-CV-00-276-GLT (EEx)

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

K.P. PERMANENT MAKE-UP, INC.,
Plaintiff,

v.

LASTING IMPRESSION, INC. and MCN INTERNATIONAL, INC.,
Defendants.

COMPLAINT FOR DECLARATORY RELIEF

Plaintiffs Demand Jury Trial

JURISDICTION AND VENUE

1. Plaintiff K.P. Permanent Make-Up, Inc. (hereinafter referred to as KP) brings this action for declaratory relief pursuant to 28 U.S.C. Section 2201, for the purposes of determining a question of actual controversy between the parties arising out of defendants claims and threats of litigation concerning the commercial use of the generic terms micropigmentation, microcolor and the phrase "MICRO COLOR" which the defendants may have fraudulently obtained a US Trademark registration no. 1,769,592 contrary to the Lanham Act.

2. Jurisdiction is conferred on this Court by 15 . U . S . C . Section 1121 (a), and by 28 U.S.C. Section 1338 (a), in that this case arises under the Trademark Laws of the United States, 15 U.S.C. Sections 1051, et. seq.

THE PARTIES

3. Plaintiff, K.P. Permanent Make-Up, Inc. ("KP") is a California corporation that is engaged in the business of providing goods and services relating to permanent make-up. Plaintiff has been using the term microcolor as short for micropigmentation where necessary to describe the various pigment colors of some of its myriad products.

4. Defendant Lasting Impression, Inc. (hereinafter Lasting Impression) is a New Jersey corporation that appears to be the registered owner of trademark registration number 1,769,592 for a composite mark consisting of a color logo and the phrase "MICRO COLORS".

5. Defendant MCN International, Inc. (hereinafter MCN) is believed to be a California corporation and is an entity claiming exclusive ownership of the phrase "MICRO COLORS."

COUNT I
DECLARATORY RELIEF

6 Plaintiffs repeat and re-aver each of the averments of the preceding paragraphs 1 through 5.

7. On or about January 22, 2000, plaintiff received a letter from defendants' attorney, Charles Wu which demanded that plaintiff cease and desist from using the generic term micro color.

8. As a result of this letter, an actual controversy has arisen and now exists between plaintiff and defendants concerning their respective rights in and to the names micropigmentation, microcolor, and Micro

colors. Defendants claim the exclusive right to use the phrase "micro colors" and plaintiff claims that the phrase is and always has been a generic term used within the trade and that a trademark registration should never have been granted, and was in fact granted as a result of the defendants fraud in procuring it.

9. Plaintiff further claims that defendant Lasting Impression falsely stated or implied that the term micro color is a valid mark when it knew of widespread generic use of that term in the industry.

10. As an alternative claim, plaintiff further claims that the scope of trademark registration number, 1,769,592 is limited to the composite mark registration in its entirety and that the phrase "microcolors" separate and apart from the picture registe.red with the mark is free for all to use, since the phrase is after all, a generic term.

11. Plaintiff desires a judicial determination of the respective rights of the parties to the phrase "microcolors", including, where appropriate, the validity and enforceability of defendants' alleged trademark of the phrase "micro colors" under federal law.

12. A judicial declaration is necessary and appropriate at this time and under these circumstances in order for the parties to ascertain their respective rights, if any, in and to the phrase "microcolors and/or micro colors".

WHEREFORE, plaintiff prays for judgment against defendants as follows:

1. For a declaration that defendants do not have the exclusive use or right to the phrase "microcolors or micro colors".

8. That the Court order that defendants federal trademark registration no. 1,769,592 be canceled;

9. For costs of suit and attorneys fees herein incurred; and

10. For such other and further relief as the Court may deem proper.

Dated: March 10, 2000

MICHAEL MACHAT
ATTORNEY FOR PLAINTIFF
KP PERMANENT MAKE-UP, INC.

JURY TRIAL DEMAND

Plaintiff hereby demands trial by jury on all triable issues.

Dated: March 10, 2000

MICHAEL MACHAT
ATTORNEY FOR PLAINTIFF
KP PERMANENT MAKE-UP, INC.

CASE NO: SA-CV-00-276-GLT (EEx)

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

K.P. PERMANENT MAKE-UP, INC.,
Plaintiff,

v.

LASTING IMPRESSION, INC. and MCN INTERNATIONAL, INC.,
Defendants.

LASTING IMPRESSION I, INC.,
Counterclaimant,

vs.

K.P. PERMANENT MAKE-UP, INC.; and
ROES 1 through 10, inclusive;
Counter-Defendants.

MCN INTERNATIONAL, INC. AND LASTING IMPRESSION I, INC.'S

(1) ANSWER TO COMPLAINT.

(2) COUNTERCLAIM FOR:
1. INFRINGEMENT OF TRADEMARK,
2. UNFAIR COMPETITION,
3. FALSE ADVERTISING.

DEMAND FOR JURY TRIAL

Pursuant to Rule 12 (a) and Rule 13 of the Federal Rules of Civil Procedure, defendant MCN INTERNATIONAL,

INC. (sometimes herein, "MCN") and defendant and counterclaimant LASTING IMPRESSION I, INC. (sometimes herein, "LASTING"), by their attorney of record, Charles C. H. Wu & Associates, a Professional Corporation, as and for their answer and counterclaim against K.P. PERMANENT MAKE-UP, INC., allege as follows:

ANSWER TO COMPLAINT

JURISDICTION AND VENUE

1. In responding to paragraph 1 of the complaint, MCN and LASTING admit that a dispute or controversy now exists between MCN and plaintiff, but denies each and every other allegation in said paragraph 1.

2. MCN and LASTING admit to the jurisdiction of this Court.

THE PARTIES

3. In responding to paragraph 3 of the complaint, MCN and LASTING allege that they are without sufficient knowledge or information to either admit or deny plaintiff's allegations therein, and therefore MCN and LASTING deny each and every allegation in said paragraph 3.

4. MCN and LASTING alleges that LASTING is erroneously sued under the alleged name. LASTING's correct name is Lasting Impression I, Inc. Otherwise, MCN and LASTING admit all other allegations in paragraph 4 of the complaint.

5. In responding to 5 of the paragraph complaint, MCN and LASTING admit that MCN is a California

corporation, but denies each and every other allegation in said paragraph 5. MCN is an authorized user of the "Micro Colors" trademark.

COUNT I
DECLARATORY RELIEF

6. In responding to paragraph 6 of the complaint, MCN and LASTING incorporate herein each of their allegations in the preceding paragraphs 1 through 5 as if alleged hereat in full.

7. MCN and LASTING admit the allegations in paragraph 7 of the complaint.

8. In responding to paragraph 8 of the complaint, MCN and LASTING admit that there exists an actual controversy between plaintiff and defendants. MCN and LASTING deny plaintiff's claim and contention as to plaintiff's alleged and claimed rights.

9. MCN and LASTING deny the allegations in paragraph 9 of the complaint.

10. MCN and LASTING deny the allegations in paragraph 10 of the complaint.

11. In responding to paragraph 11 of the complaint, MCN and LASTING admit that there exists an actual controversy between plaintiff and defendants. MCN and LASTING deny plaintiff's claim and contention as to plaintiff's alleged and claimed rights.

12. In responding to paragraph 12 of the complaint, MCN and LASTING admit that there exists an actual controversy between plaintiff and defendants. MCN and

LASTING deny plaintiff's claim and contention as to plaintiff's alleged and claimed rights.

WHEREFORE, Defendants pray for the following judgment on plaintiff's complaint:

1. That plaintiff's complaint be dismissed with prejudice;

2. That plaintiff recover nothing on its complaint;

3. Alternatively, in the event that plaintiff is entitled to a declaratory judgment by this Court, that the Court declare defendants' trademark registration 1,769,592 for a composite mark consisting of a color logo and the phrase "MICRO COLORS" to be valid and in full force and effect, giving defendants full and exclusive rights thereto;

4. That defendants be declared the prevailing parties on plaintiff's complaint;

5. That defendants be awarded costs of suit and attorney's fee incurred herein; and

6. That the Court issue such other and further relief as the Court may deem just and proper.

Dated: May 11, 2000

CHARLES C.H. WU & ASSOCIATES
A PROFESSIONAL CORPORATION

By: CHARLES C.H. WU
Attorneys for Defendants and Counterclaimant
MCN International, Inc. and Lasting Impression I, Inc.

COUNTERCLAIM

Defendant and counterclaimant, Lasting Impression I, Inc. makes the allegations to state its counterclaim:

JURISDICTION AND VENUE

1. Jurisdiction and venue are proper in this Judicial District. Counterclaimant's counterclaims arise out of the same subject matter as set forth in plaintiff's complaint, and thus are properly brought before this Court pursuant to Rule 13 of the Federal Rules of Civil Procedure. Jurisdiction of this Court further arises under the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202; under the Lanham Act and other laws of the United States concerning actions relating to registered trademarks, 15 U.S.C. § 1121, 28 U.S.C. §§ 1338 (a) and (b) and 28 U.S.C. § 1367, and as provided in Rules 15 and 18 of the Federal Rules of Civil Procedure; and under the Supplemental Jurisdiction of this Court, 28 U.S.C. § 1367. Further, the counterclaims arose within this Judicial District. Venue is proper under 28 U.S.C. § 1391.

PARTIES

2. Counterclaimant LASTING IMPRESSION I, INC. ("LASTING") is a corporation organized and existing under the laws of the State of New Jersey, having its principal place of business at Englewood, New Jersey.

3. Counterclaimant is informed and believes and thereon alleges that counterdefendant K.P. PERMANENT MAKE-UP, INC. is a corporation organized and existing under the laws of the State of California, having its principal place of business within this Judicial District.

4. Counterclaimant is ignorant of the true names and capacities of such counterdefendants sued herein as ROES 1 through 10, inclusive, and therefore sues these counterdefendants by such fictitious names. Counterclaimant will seek leave of this Court to amend this counterclaim to allege such true names and capacities of said counterdefendants as soon as they are ascertained.

5. Plaintiff is informed and believes and thereon alleges that each of the fictitiously named counterdefendants are responsible in some manner for the occurrences as herein alleged, and counterclaimant's losses as herein alleged were the result of their wrongful conduct.

6. Plaintiff is informed and believes and thereon alleges that at all times mentioned herein, counterdefendants, including ROES 1 through 10, and each of them, were the agents, employees, representatives, servants, and/or co-conspirators of each of the remaining counterdefendants, and in doing the things hereinafter alleged were acting within the course, scope, and purpose of said agency, employment, representation, service, position, and/or conspiracy and with the express and/or implied permission, consent and ratification of each of the remaining counterdefendants.

FIRST COUNTERCLAIM
INFRINGEMENT OF TRADEMARK
(AGAINST ALL COUNTERDEFENDANTS)

7. Counterclaimant repeats and realleges paragraphs 1 through 6 of the counterclaim herein and incorporates the same by reference as though fully set forth herein.

8. Since no later than March 1992, counterclaimant has been in the business of manufacturing and selling permanent and micropigmentation cosmetics goods and services.

9. Counterclaimant is the owner of a United States federal trademark bearing registration number 1,769,592, registered on May 11, 1993 on the principal register with the United States Patent and Trademark Office. This registration was and continues now to be in full force and effect. A true and correct copy of the registration is attached hereto as **Exhibit "A"**. The mark prominently features the ward: "MICRO COLORS". A true and correct copy of an advertisement or use by counterclaimant of its trademark is attached hereto as **Exhibit "B"**.

10. Counterclaimant's federally registered trademark has been it continuous use since March 16, 1992 and has come to be associated with counterclaimant's permanent and micropigmentation cosmetics goods and services.

11. Upon information and belief, counterdefendants are also in the business of providing permanent and micropigmentation cosmetics goods and services, and are direct competitors of counterclaimant and advertise in common periodicals.

12. Without the permission, authorization and consent of counterclaimant, counterdefendants have used and advertised a mark consisting of the phrase "micro color" in connection with counterdefendants' business of permanent and micropigmentation cosmetics goods and services.

13. A true and correct copy of a mark advertised or used by counterdefendants in connection with counterdefendants' permanent and micropigmentation cosmetics goods and services business is attached hereto as **Exhibit "C"**.

14. Counterdefendants' mark depicted in **Exhibit "C"** is a wrongful reproduction, counterfeit, copy or colorable imitation of counterclaimant's registered trademark.

15. Counterdefendants' use of its advertisements, displays and otherwise in connection with their permanent and micropigmentation cosmetics goods and services is an attempt by them to trade on counterclaimant's goodwill. Furthermore, such conduct is an indication of counterdefendants' intention to create the impression (contrary to fact) that there is an ongoing business relationship or association between counterclaimant's business and counterdefendants' business, or their respective goods and services.

16. Counterdefendants' use of the "MICRO COLOR" mark on their products and sales displays and advertisements in California and in interstate commerce in the United States constitute trademark infringement and is likely to cause confusion, deception and/or mistake.

17. Counterdefendants have wrongfully reproduced, counterfeited, copied, or imitated the colors of counterclaimant's trademark and applied such reproduction, counterfeiting, copying, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in interstate commerce with the sale, offering for sale, distribution, or advertising of goods or services on or in

connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

18. On or about January 21, 2000, intellectual property counsel for counterclaimant sent a letter to counterdefendants instructing them to stop using the phrase "MICRO COLORS" in connection with their advertising and sale of permanent and micropigmentation cosmetics goods and services. Counterdefendants responded by filing this action contending that "MICRO COLORS" is a generic term, among other things.

19. Counterdefendants' infringement of counterclaimant's registered trademark as complained of hereinabove, was and has been willful, and has been committed and will continue to be committed in this Judicial District within the jurisdiction of this Court. Counterclaimant has requested counterdefendants not to infringe on 'counterclaimant's "MICRO COLORS" mark, but counterdefendants continued with their infringing activities. Counterdefendants' acts of infringement have caused and will continue to cause irreparable injury to counterclaimant if counterdefendants are not enjoined by this Court from further violations of counterclaimant's rights, and counterclaimant has no adequate remedy at law.

20. Counterclaimant is presently incurring irreparable damage and injury by the continuing actions of the counterdefendants.

21. Counterdefendants' acts of trademark infringement will be ongoing unless preliminarily and permanently enjoined by this Court, and unless this Court make such orders as are necessary to prevent the wrongful and deceptive acts of counterdefendants, or as

may be necessary to restore to counterclaimant any money, property or rights which it may have lost by means of such trademark infringement. Counterclaimant requests that the Court issue such injunctive relief.

22. As a direct and proximate result of counterdefendants' wrongful conduct as hereinabove alleged, counterclaimant has been damaged in an amount currently unknown but not less than $1,000,000.00, with the exact amount to be determined at trial according to proof. According to statute and law, counterclaimant is entitled to recover from counterdefendants a judgment that includes three times counterclaimant's actual damages.

23. Counterclaimant is further entitled to recover additional damages and/or penalties including but not limited to counterdefendants' profits.

24. This is an exceptional case in which counterclaimant is entitled to recover an award of its reasonable attorney's fees against counterdefendants.

SECOND COUNTERCLAIM
UNFAIR COMPETITION PURSUANT TO CALIFORNIA BUSINESS & PROFESSIONS CODE §§ 17244 ET SEQ.
(AGAINST ALL COUNTERDEFENDANTS)

25. Counterclaimant repeats and realleges paragraphs 1 through 24 of the counterclaim herein and incorporates the same by reference as though fully set forth herein.

26. In or about March 1992, counterclaimant commenced advertising and selling to the public various

permanent cosmetics goods and services under the trademark of "Micro Colors".

27. Counterclaimant is the owner of a United States federal trademark bearing registration number 1,769,592, registered on May 11, 1993 on the principal register with the United States Patent and Trademark Office. This registration was and continues now to be in full force and effect. A true and correct copy of the registration is attached hereto as **Exhibit "A"**. The mark prominently features the words "MICRO COLORS". A true and correct copy of an advertisement or use by counterclaimant of its trademark is attached hereto as **Exhibit "B"**.

28. Subsequently, counterdefendants commenced advertising and selling permanent cosmetics goods and services also under the name and mark of "Micro Color". The only difference is that counterdefendants do not pluralize "color" in their use of said phrase. Counterclaimants registered trademark is in the plural form of "Micro Colors".

29. Counterdefendants' use of the "MICRO COLOR" mark on their products and sales displays and advertisements in California and in interstate commerce in the United States constitute unfair competition and causes a likelihood of confusion, deception and mistake in violation of the California Unfair Competition Laws under California Business & Professions Code § 17200 *et seq.*

30. Counterclaimant has no adequate remedy at law and is presently incurring irreparable damage and injury by the continuing actions of Counterdefendants.

31. Counterdefendants' acts of unfair competition and sham operations will be ongoing unless preliminarily and permanently enjoined by this Court, and unless this Court make such orders as are necessary to prevent the deceptive acts of counterdefendants which constitute unfair competition, or as may be necessary to restore to counterclaimant any money, property or rights which it may have lost by means of such unfair competition. Counterclaimant requests that the Court issue such injunctive relief.

32. Counterdefendants' acts of unfair competition as complained of hereinabove, was and has been willful, and has been committed and will continue to be committed in this Judicial District within the jurisdiction of this Court. Counterclaimant has requested counter-defendants not to infringe on counterclaimant's "MICRO COLORS" mark, but counterdefendants continues with their wrongful activities. Counterdefendants' acts of infringement constitute unfair competition that caused or will continue to cause irreparable injury to counter-claimant if counterdefendants are not enjoined by this Court from further violations of counterclaimant's rights, and counterclaimant has no adequate remedy at law.

33. As a direct and proximate result of counterdefendants' wrongful conduct as hereinabove alleged, counterclaimant has been damaged in an amount currently unknown but not less than $1,000,000.00, with the exact amount to be determined at trial according to proof.

34. Counterclaimant is entitled to recover such additional damages and/or penalties, costs and attorney's fees as is authorized by California Business & Professions Code § 17200 *et seq.*

35. In doing the acts hereinabove alleged, counterdefendants and their representatives acted with oppression, fraud and malice, without any justification or privilege whatsoever such that counterclaimant is entitled to punitive damages according to proof at trial.

THIRD COUNTERCLAIM
FALSE ADVERTISING PURSUANT TO CALIFORNIA BUSINESS & PROFESSIONS CODE §§ 17200 ET SEQ.
(AGAINST ALL COUNTERDEFENDANTS)

36. Counterclaimant repeats and realleges paragraphs 1 through 35 of the counterclaim herein and incorporates the same by reference as though fully set forth herein.

37. Counterclaimant is the owner of a United States federal trademark bearing registration number 1,769,592, registered on May 11, 1993 on the principal register with the United States Patent and Trademark Office. This registration was and continues now to be in full force and effect. A true and correct copy of the registration is attached hereto as **Exhibit "A"**. The mark prominently features the words "MICRO COLORS". A true and correct copy of an advertisement or use by counterclaimant of its trademark is attached hereto as **Exhibit "B"**.

38. Counterdefendants have been advertising and were and are representing to the public that they are the lawful owners of counterclaimant's herein alleged trademark.

39. Counterdefendants have been using, advertising and were and are representing to the public that they are the owners of said trademark, contrary to the truth

which is that counterclaimant owns said trademark. Hence, counterdefendants are guilty of false, unfair, deceptive, untrue or misleading advertising.

40. Counterdefendants' acts of false advertising as complained of hereinabove, was and has been willful, and has been committed and will continue to be committed in this Judicial District within the jurisdiction of this Court. Counterclaimant has requested counter-defendants to cease said wrongful activities, but counterdefendants continued with their wrongful activities. Counterdefendants' conduct constitute false advertising that caused and will continue to cause irreparable injury to counterclaimant if counterdefendants are not enjoined by this Court from further violations of counterclaimant's rights, and counterclaimant has no adequate remedy at law.

41. Counterclaimant is presently incurring irreparable damage and injury by the continuing actions of counterdefendants.

42. Counterdefendants' acts of false advertising and sham operations will be ongoing unless preliminarily and permanently enjoined by this Court, and unless this Court make such orders as are necessary to prevent the deceptive acts of counterdefendants which constitute false advertising, or as may be necessary to restore to counterclaimant any money, property or rights which it may have lost by means of such false advertising. Counterclaimant requests that the Court issue such injunctive relief.

43. As a direct and proximate result of counterdefendants' wrongful conduct as hereinabove alleged, counterclaimant has been damaged in an amount currently unknown but not less than

$1,000,000.00, .with the exact amount to be determined at trial according to proof.

44. Counterclaimant is entitled to recover such additional damages and/or penalties, costs and attorney's fees as is authorized by California Business & Professions Code § 17200 *et seq*.

45. In doing the acts hereinabove alleged, counterdefendants and their representatives acted with oppression, fraud and malice, without any justification or privilege whatsoever such that counterclaimant is entitled to punitive damages according to proof at trial.

WHEREFORE, Counterclaimant prays for the following judgment on its counterclaim:

1. That this case is an exceptional case and that counterdefendants' acts of trademark infringement was made in bad faith;

2. That the Court issue an injunction enjoining and restraining counterdefendants from using in any way counterclaimant's trademark;

3. That counterclaimant recover compensatory damages in a sum not less than $1,000,000.00, according to proof at the time of trial;

4. That counterclaimant be awarded costs of suit and attorney's fee incurred herein; and

5. That the Court issue such other and further relief as the Court may deem just and proper.

Dated: May 11, 2000

CHARLES C.H. WU & ASSOCIATES
A PROFESSIONAL CORPORATION

By: CHARLES C.H. WU
Attorneys for Defendants and Counterclaimant
MCN International, Inc. and Lasting Impression I, Inc.

DEMAND FOR JURY TRIAL

Defendant and counterclaimants MCN International, Inc. and Lasting Impression I, Inc. hereby demand a jury trial in this matter.

Dated: May 11, 2000

CHARLES C.H. WU & ASSOCIATES
A PROFESSIONAL CORPORATION
By: CHARLES C.H. WU

Attorneys for Defendants and Counterclaimant
MCN International, Inc. and Lasting Impression I, Inc.

DECLARATION OF LIN McKINSTRY

I, Lin McKinstry, declare as follows:

1. The facts set forth in this declaration are personally known to me and I have first hand knowledge of these facts. If called upon to testify during the court of this action, I could and would competently testify thereto under oath. I am the president of MCN International ("MCN").

2. I give this declaration in support of Lasting's application for a preliminary injunction or, alternatively, for summary judgment against plaintiff K.P. Permanent Make-Up, Inc. ("'KP").

3. In 1984, my business of Mei-Cha began manufacturing beauty supplies and equipment, including permanent makeup and related supplies and equipment. In 1992, MCN was formed to take up the business of Mei-Cha. MCN continues to market and sell the Mei-Cha brand.

4. In 1993/1994, MCN received from Lasting an exclusive international distributorship to market and sell "micro colors" products in the aesthetics and beauty portion of the permanent make up industry. There is a medical side to the permanent make up industry, but MCN does not do business in that sector.

5. Since MCN acquired said distributorship, I have continuously and aggressively marketed and promoted the Mei Cha and "micro colors" product lines. It bears noting that MCN does not have any clinics for the actual application of the permanent make up products to the ultimate user/customer. MCN only sells the products

and equipment. MCN relies on clinics and beauticians to select and use its products.

6. While engaged in furthering the business of MCN, I have also monitored the activities of MCN's competitors, including plaintiff KP. I give this declaration based on my personal involvement and supervision in virtually every aspect of MCN's business.

I

MCN's USE AND PROMOTION OF THE "MICRO COLORS" TRADEMARK, AND ITS LEADERSHIP IN THE INDUSTRY

7. As the exclusive distributor for Lasting, MCN is authorized to market, distribute and sell Lasting's "micro colors" pigments.

8. A true copy of a sample color chart of the "micro colors" pigments is attached hereto as **Exhibit "8"**. The color chart advertises most of MCN's over 80 shades of "micro colors" that can match over 300 skin tones.

9. True copies of sample labels used by Lasting and MCN for its "micro colors" products is attached hereto as **Exhibit "9"**. As is shown, the "micro colors" mark is prominently displayed on the color chart and the product labels.

10. I truly believe that MCN has contributed greatly to the permanent make up industry consistent with its corporate objective to raise the standards of the industry through education, training and superior and safer tools and products. MCN has taken the lead to

create standards in an industry that lacks any governmental regulations. Because the permanent make up process involves penetration into the skin or dermal, the sterility of the tools and equipment is very important, and MCN is a leader in that aspect too.

11. Towards that end, MCN has supported major trade conferences that offered educational seminars.

12. MCN has a network of distributors that spans the globe in over 55 countries. Those countries are listed in one of MCN's published brochures. (A true copy of said list is attached hereto as **Exhibit "17"**.) Copies of advertisements by MCN and its local distributors in Brazil and Lebanon, for example, are attached hereto collectively as Exhibit "18".

13. MCN has now held over 6 different conferences here and abroad to promote the permanent make up industry and further the trade standards for product quality and safety. However, MCN also uses tradeshows to further sales efforts to compliment mail marketing to the members of the industry.

14. In August 1994, MCN sponsored and held a First Annual International MCN Micropigmentation Educational Conference that took place in Las Vegas, Nevada. (A true copy of a promotional brochure for said conference is attached hereto as Exhibit "11".) The conference was so successful in raising awareness within the industry that it prompted an editorial in the journal for the Centre For Dermal-Pigmentation Advancement of Texas. (A true copy of said editorial is attached hereto as **Exhibit "12"**.)

15. In August 1995, MCN sponsored and held a Second Annual International MCN Micropigmentation

Educational Conference that took place in Anaheim, California. (A true copy of the agenda for said conference is attached hereto as **Exhibit "13"**.)

16. In 1997, MCN held its Third Annual conference in Mexico City, Mexico. (A true copy of excerpts from the program is attached hereto as **Exhibit "14"**.) We skipped a conference in 1996 as it was just too costly for MCN to organize events of such caliber and size at such first rate venues.

17. In 1998, MCN sponsored and held its Fourth conference that took place again in Las Vegas. (A true copy of a promotional brochure for said conference is attached hereto as **Exhibit "15"**.)

18. MCN has also branched into overseas conferences. In 1999, MCN sponsored and held its First Annual Congresso Brasileiro de Micropigmentacao in Sao Paulo, Brasil. (A true copy of a promotional brochure for said conference is attached hereto as **Exhibit "16"**.)

II

KP'S INFRINGEMENT ACTIVITIES: EVEN PLAINTIFF KP'S OWN MATERIALS SHOW THAT IT DOES NOT USE "MICRO-COLORS" FOR ITS PIGMENTS UNTIL RECENTLY IN 1999

19. MCN and plaintiff KP are direct competitors in the field of permanent make-up. Based on knowledge I acquired by reviewing KP's catalogues and price lists, and having seen KP's products at trade shows and elsewhere, both MCN and KP offer similar products to

the same types of customers. Both MCN and KP have developed respective pigments that we separately market with the use of color charts. I am aware of other competitors in the trade but, as far as I know to date, none of the other competitors use Lasting's registered "micro colors" mark.

20. I have attended hundreds of trade shows regarding skin and cosmetics care and products, and have consistently collected advertisements, price lists and "hand-outs" from competitors and others in the trade, especially those who also attend the trade shows. I attend the conventions that are organized by the International Congress of Esthetics, as well as the conventions that MCN has itself sponsored. I also keep up with the various trade periodicals that publish advertisements and articles concerning permanent make up. Furthermore, I also simply receive information in the mail from companies that seem to mass-mail their information to those of us in the permanent make up industry.

21. Based on my efforts in keeping up with the business, I am only aware of plaintiff KP's first use of "micro colors" by its advertisement in a 1999 trade show program. To my knowledge, before then, plaintiff KP did not use the "micro colors" phrase.

22. I have over the years obtained information on MCN's competitors primarily through trade shows and simply by receiving materials through the mail from the competitors. The materials I have received or acquired regarding plaintiff KP from 1995 to the present show that plaintiff KP did not use the term "micro colors" until 1999.

23. In 1995, I received price lists from plaintiff KP regarding its products. (True copies of said price lists are attached hereto as **Exhibits "19" and "20".)** In said price lists, plaintiff KP referred to its permanent make-up colors as "colors", "non toxic pigment" or "pigment color".

24. In a 1996 trade show program for El Decimo Congreso International De La Estetica (translated 10th Annual International Convention of Aesthetics), plaintiff KP advertised its "pigments color chart" without using the term "micro colors". (True copies of excerpts of said program are attached hereto as **Exhibit "21"**.)

25. In 1996 and 1997, I again received price lists from plaintiff KP regarding its products. (True copies of said price lists are attached hereto as **Exhibits "22" and "23"**.) In said price lists, plaintiff KP again referred to its permanent make-up colors as "colors", "non toxic pigment" or "pigment color".

26. In a 1998 trade show program for The International Congress of Esthetics held in Miami, Florida, plaintiff KP advertised a "color chart" without using the term "micro colors". (True copies of excerpts of said program are attached hereto as **Exhibit "24"**.)

27. I further obtained plaintiff KP's "color chart", copyrighted 1999, that did not use the term "micro colors". (A true copy of said chart is attached hereto as **Exhibit "25"**.)

28. In a 1999 trade show program for The International Congress of Esthetics held again in Miami, plaintiff KP *first* advertised a "micro color pigment chart". With that chart, it appears that plaintiff KP began

using the registered term of "micro colors". (True copies of excerpts of said program are attached hereto as **Exhibit "26"**.)

29. I came across plaintiff KP's "micro color pigment chart" again as it was included among plaintiff KP's price list and order form. (True copies of said materials are attached hereto as **Exhibit "27"**.)

30. Then, in the 2000 IBS Long Beach trade show, plaintiff KP again advertised its infringing "micro color pigment chart". (True copies of excerpts of said program are attached hereto as **Exhibit "28"**.)

31. The words "micro color" in plaintiff KP's infringing ads are conspicuously kept together in a manner similar to Lasting's registered trademark, yet collectively separated from "pigment" and "chart".

Plaintiff KP has aligned the words as follows:

microcolor
pigment
chart

32. To date MCN, together with Lasting, are still in the process of determining whether any one has been actually confused by plaintiff KP's using the "micro color" trademark.

III

OTHER COMPETITORS DO NOT USE "MICRO COLORS" FOR PIGMENTS

33. I have researched how other competitors in the permanent make up business market or advertise their make up pigments. Other than plaintiff KP, I have found no other company that uses the phrase "micro color" to market permanent make up pigments.

34. Identified below are various competitors along with a brief description of how they respectively market their permanent make up pigments:

(1) A 1992-93 price list for Solutions For Beauty advertised its permanent make up colors as "Permanent Cosmetic Color". (A true copy of said price list is attached hereto as **Exhibit "30"**.)

(2) A 1993 price list for Acti-Color advertised its permanent make up colors as "pigments". (A true copy of said price list is attached hereto as **Exhibit "31"**.)

(3) A 1993 price list for United Tattoo Supply advertised its permanent make up colors as "cosmetic colors" and "United creamy pre-mix colors". (A true copy of said price list is attached hereto as **Exhibit "32"**).

(4) A 1994 price list for the Institut Americain de Dermo-Pigmentation advertised its pigments as "liquid/cream pigments". (A true copy of said price list is attached hereto as **Exhibit "33"**.)

(5) A price list for Mei Beauty Products, Inc. (from a 1997 trade show) advertised its pigments and color chart for "Mosty colors". (A true copy of said price list/color chart is attached hereto as **Exhibit "34"**)

(6) A price list for Permanent Make-Up, Inc. (dated October 1, 1997) advertised its colors simply as "non-toxic pigment". (A true copy of said price list is attached hereto as **Exhibit "35"**.)

(7) The Academy of Electrology advertised its permanent make up colors as "Sof Tap Permanent Cosmetics" in 1997. (A true copy of said ad is attached hereto as **Exhibit "36"**.)

(8) As mentioned above, plaintiff KP offered a "color chart" and otherwise advertised its pigments without using the "micro colors" mark. (True copies of KP's price lists and ads are attached hereto as **Exhibits "19", "20", "21", 22", "23", "24" and "25"**.)

(9) A June 1999 price list for Charme International advertised 42 different shades of "MegaColors pigments". (A true copy of said price list is attached hereto as **Exhibit "37"**.)

(10) An undated price list for Cleo Colors advertised its "Cleo Color pigments". (A true copy of said price list is attached hereto as **Exhibit "38"**.)

(11) An undated color chart for Premier Products advertised its "mixing colors", "correctional colors", "camouflage colors", among others. (A true copy of said color chart is attached hereto as **Exhibit "39"**.)

(12) An undated price list for Tri-Lab Products advertised its "Designer Series Colours". (A true copy of said price list is attached hereto as **Exhibit "40"**.)

(13) An undated price list for Spaulding-Rogers Mfg., Inc. advertised its "Cosmetic Colors" and "Tattoo Colors". (A true copy of said price list is attached hereto as **Exhibit "41"**.)

(14) An undated price list for Permanent Choices advertised its color chart and price list for "Permanent Choices Pigments" and "permanent makeup colors". (A true copy of said price list/color chart is attached hereto as **Exhibit "42"**.)

(15) An undated advertisement for Silver Needles Products & Services, Inc. advertised its "Rainbow Colors" created by Rainbow Pigment Colors, Inc. (True copies of said advertisement and the related price list are attached hereto as **Exhibit "43"**.)

(16) An undated catalog for Derma-Medical Institute advertised its colors as "Derma Medical Colors". (A true copy of excerpts of said catalog is attached hereto as **Exhibit "44"**.)

(17) An undated price list for Forever Natural advertised its colors as "premixed cosmetic pigments". (A true copy of said price list is attached hereto as **Exhibit "45"**.)

(18) An undated price list for Forever More Permanent Cosmetics Inc. advertised its colors simply as "liquid pigments". (A true copy of said price list is attached hereto as **Exhibit "46"**.)

(19) Mary's Permanent Make-up advertised its color chart simply as a "color chart". (A true copy of said price list is attached hereto as **Exhibit "47"**.)

(20) A price list for Paradise Permanent Make-up advertised its colors simply as "pigments". (A true copy of said price list is attached hereto as **Exhibit "48"**.)

(21) A color chart for Boca Ta-2 advertised its colors simply as "pigments". (A true copy of said color chart is attached hereto as **Exhibit "49"**.)

35. Further, in the 2000 Directory issue or the April 2000 issue of *Skin, Inc.*, the magazine published a list called "Brand Name Cross-reference". That reference list identifies the "micro colors" brand as belonging to Lasting and MCN:

Brand Name	Company Name
Micro-Color Pigments	Lasting Impression I
Micro-Colors	MCN International

(True copies of excerpts of said magazine are attached hereto as **Exhibit "50"**.) *Skin, Inc.* is a widely respected trade journal for the beauty or esthetics industry, and I suspect that any company in the trade subscribes to it or should subscribe to it.

36. As the *Skin, Inc.* reference list shows, no other company is recognized as a user of the "micro colors" mark.

IV

PLAINTIFF KP SHOULD HAD KNOWN
OF THE REGISTERED "MICRO COLORS" MARK

37. I believe that plaintiff KP had prior knowledge of Lasting's and MCN's "micro colors" mark, or should had known of the mark.

38. First, plaintiff KP had constructive knowledge of Lasting's mark as registered in 1993 (**Exhibit "1"**).

39. Second, MCN engaged in heavy promotion of its "micro colors" product line, especially at its 1994, 1995, 1997 and 1998 trade shows and at industry trade shows in 1998, 1999 and 2000 for which program excerpts are provided herein. (**Exhibits "11", "13", "14", "15", "16", "24", "26", and "28"**.)

40. Third, plaintiff KP and MCN were co-exhibitors at industry trade shows in 1998, 1999 and 2000. (**Exhibits "24", "26", and "28"**.) It would not be unreasonable to assume that representatives of each company observed the other's booths and products on display.

41. Fourth, plaintiff KP and MCN are not legal strangers. On November 22, 1996, MCN sued plaintiff KP for patent infringement in the matter entitled Mei-Chi-Na Beauty International, Inc. v. Theresa Kim dba Kim's Paradise, aka K. P. Permanent Make-Up and Skin Care, as Case No. SACV 96-1155 AHS (Eex) in this very Court. The parties entered into a Stipulated Consent Judgment by which KP acknowledged that it had committed patent infringement. (True copies of said Complaint and Stipulation are attached hereto as **Exhibits "51" and**

"52".) One would think that plaintiff KP would be more alert as to the products and proprietary assets of MCN, and be more careful when treading into the area of the "micro colors" trademark.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on September 27, 2000 at Irvine, California.

Lin McKinstry

EXCERPTS FROM DEPOSITIONS

Deposition of Darlene Story

DIRECT EXAMINATION

* * *

By Mr. Machat:

Q Yes. Is there a difference in meaning between micropigmentation and pigmentation?

A No.

Q They mean the same?

A Yes.

Q Is there a difference in meaning between pigment and color?

A Pigment, if there is a difference between, what pigments mean, dictionary-wise and colors?

Q Yes, pigments and colors as used in the industry.

19 A I would say the same, pigments, if I am

20 talking dictionary.

21 Q Well, ordinary meaning within the industry,

22 when I say within the industry, you know, between

23 consumers and sellers, they mean the same?

24 A Yes. I don't think that is –

25 MR. WU: Do you mean to her or from an industry

1 point of view? I think that is what she was –

2 Q BY MR. MACHAT: Well, it was generally

3 accepted meaning of the words pigments and colors, within

4 the industry, within people that buy products, people that

5 sell products, people that apply the products to people,

6 do the terms generally mean the same?

7 A Generally, but you, I think it's more

8 pigments, if that is what you are asking. I am not sure

9 what you are asking.

10 Q Well, I just want to know are the words used

11 interchangeably?

12 MR. WU: That is a "yes" or "no" question. Are the

13 words used interchangeably?

14 THE WITNESS: Yes, but not often. I mean it's

15 mostly pigments are used, but I – you know.

16 MR. WU: Just "yes" or "no."

17 THE WITNESS: Yes.

(Story Deposition p. 34, line 8 to p. 35, line 17.)

***

By Mr. Machat

6 Q BY MR. MACHAT: All right. Turn to the

fourth page, the fourth page where it says in bold

underlined it says "Pigmentation Color Match Procedure."

A Uh-huh.

Q Correct me if I am wrong, but didn't you say

before that pigmentation and micropigmentation were the

same thing?

A Excuse me.

Q Didn't you testify before that pigmentation

and micropigmentation were the same thing?

A Uh-huh.

Q "Yes"?

A Yes.

Q Now, this line says:

"Pigmentation Color Match Procedure."

A Uh-huh.

Q So that could just as easily say

micropigmentation color match procedure; correct?

A Yes.

(Story deposition, page 50)

* * *

By Mr. Machat

Q If we go back to the Bio-Touch examples,

Exhibit D, I will just show it to you, where it says where

they use the phrase "Micro Pigment Color," do you find the

use of that phrase objectionable?

A I would also say I am not sure on that, too.

This is the first time I am seeing it.

Q So you don't know if the phrase "Micro Pigment

Color" in your opinion, you don't know if that infringes

upon your trademark?

A That, no.

MR. WU: Objection. Legal question.

THE WITNESS: No, that is different.

Q BY MR. MACHAT: But you don't know whether or not you object to it at this time because it's the first time you have seen it; is that correct?

A Correct.

(Story deposition, page 83, line 18 through page 84, line 8.)

***

By Mr. Machat

Q Well, if my client's products or color chart said "Micropigmentation Color Chart," would you object to that?

A No.

(Story deposition, page 99, lines 14-17.)

***

By Mr. Machat

Q Now, what does the term pigment color mean?

MR. WU: Objection.

THE WITNESS: Dictionary.

MR. WU: Assuming facts not in evidence. You are assuming she knows what it means.

Q BY MR. MACHAT: Well, do you use the phrase pigment color?

A Myself?

Q Yes.

A No.

Q Have you ever used the phrase pigment color?

A I don't recall. I might say pigments.

Q You don't recall referring to pigments as pigment colors?

A No.

Story deposition page 33, line 10 to line 24.

***

By Mr. Machat

Q How many articles have you written that have been published in industry publications?

A I believe three to four. It might be more. It might be less.

MR. MACHAT: Give me one second.

(A discussion was held off the record.)

Q BY MR. MACHAT: I am going to show you a document that we will label as Exhibit A.

And can you tell me, are you the author of this document?

A One of the authors.

Q I notice that there are two authors. It says Richard Story and Darlene Story; is that correct?

A Yes.

Q Did you both write this together or did one?

I mean which one of you wrote it more than the other or did you both evenly contribute to it?

MR. WU: It's compound question again. Why don't we do it one at a time. Probably just answer the first one, which one of you, would you say?

Q BY MR. MACHAT: Well, rephrase the question.

When you say there were two authors, who was the primary writer of this article?

A I would say Richard.

Q Did you contribute 50 percent to it or less?

A Probably less.

Q Did you read this before it was published?

A Yes.

Q And did you help edit this article?

A A little.

Q Now, you said earlier that you have never used the phrase pigment colors; correct?

Is that a "yes"?

A I am sorry. Say the question again. I am sorry.

Q You said earlier that you never used the phrase pigment colors before?

A Together?

Q Yes.

A Yes.

Q Turn to Page 539 of this article. And do you see where it says Line No. 7, can you read that, please, that Line No. 7.

A Okay, "pigment colors."

Q Yes. Can you read the whole thing out for the record.

A "Using a clean toothpick open another of the selected pigment colors and repeat Steps 5 and 6."

Story deposition, page 36, line 5 to page 38, line 3.

* * *

By Mr. Machat

Q So you don't use that, I mean you testified earlier that you don't use that phrase pigment colors together.

Now that you have had a break and discussed it with your counsel, is your answer still the same that you

don't use the phrase pigment colors together?

A You have to understand what pigments mean,

particularly in this contents.

Q I am not talking about – I just want to

know –

A It all depends on the contents that you are

using it in.

Q I just want to know if you used the phrase

pigment colors, I mean earlier on I asked you what does

pigment colors mean and you said the same thing.

I said do you ever use them together. And you

said you don't use the phrase pigment color. So I just

want to know is your answer still the same?

A Yes.

Q So you don't use the phrase pigment color?

A Let me think. Again, I would say it would be

the contents of how it is used.

Q I just want to know if you used the phrase

pigment color together or not.

MR. WU: Do you mean absolutely across the board?

Q BY MR. MACHAT: Well, I mean you said you

don't use the phrase pigment colors, and I just want to

know if your answer changed. I mean first you said you

don't use it.

MR. WU: Just take the question in the literal

sense, across the board.

THE WITNESS: Across the board.

MR. WU: Yes.

THE WITNESS: Across the board the answer would be no.

Q BY MR. MACHAT: Did you write an article or a pamphlet guidebook called "The Ultimate Guide to Pigments"?

A Yes.

Q Is this a copy of that article that you wrote?

A Yes.

Q Let's label that as Exhibit B.

Is that the article?

A Yes.

Q Can you read the cover to me, please. Can you read the cover into the record.

A "The Ultimate Guide to Pigments."

Q And can you read what it says below that.

A "A Virtual Education in Pigment Colors, Micro Colors Guidebook."

Q Great. Thank you.

Now, are there other occasions when you have personally used the word pigment colors other than in this article and in the other article I showed you before in Exhibit A?

A Personally where? What do you mean?

Q You wrote this Exhibit B; correct?

A I was one of the writers.

Story deposition, page 44, line 4 to page 46 line 11

* * *

By Mr. Machat

Q And when was this Exhibit 2, when was it written?

MR. WU: Exhibit B you mean.

Q BY MR. MACHAT: Sorry. Exhibit B.

A A couple – I believe a couple of years ago. 1999.

Q 1999?

A Uh-huh, publishing, published.

Q Alfredo Gonzalez, Kenya Lopez and Mario Gisbert, are they customers of yours?

A Of Lasting Impression?

Q Yes.

A Alfredo, no. Kenya, no. Mario, yes.

Q Can you go to the second to last page of this article where there is a chart of Micro-Colors

A Yes.

Q Can you read into the record the very last line where it says "Please Note."

A "Please Note: Due to limitations in the printing process, the colors shown on this sheet may vary slightly from the actual pigment color."

Story deposition, page 48 line 4 to line 25

* * *

By Mr. Machat

Q BY MR. MACHAT: All right. Turn to the fourth page, the fourth page where it says in bold underlined it says "Pigmentation Color Match Procedure."

A Uh-huh.

Q Correct me if I am wrong, but didn't you say before that pigmentation and micropigmentation were the

same thing?

A Excuse me.

Q Didn't you testify before that pigmentation and micropigmentation were the same thing?

A Uh-huh.

Q "Yes"?

A Yes.

Q Now, this line says:

"Pigmentation Color Match Procedure."

A Uh-huh.

Q So that could just as easily say micropigmentation color match procedure; correct?

A Yes.

Story deposition page 50, lines 6 to 24.

***

By Mr. Machat

A Micropigmentation color match procedure, no, doesn't sound right.

Q It could say it, but it doesn't sound right; is that your answer?

A Yeah, it doesn't sound right. It wouldn't be appropriate in this structure.

Q Why would it not be appropriate in this structure?

A Because you are determining – you are not actually doing the procedure, you are determining matching for that client or patient.

Q So you are saying that there is a difference now between pigmentation and micropigmentation?

MR. WU: Objection. She's saying there is a

15 difference between pigmentation color and

16 micropigmentation color.

17 Q BY MR. MACHAT: My question is earlier you

18 said there is no difference between pigmentation and

19 micropigmentation. My question now is, have you changed

20 your answer from before?

21 A It's the contents in which you are using it.

Story deposition page 51, lines 1 through 21.

Deposition of Lyn McKinstry

DIRECT EXAMINATION

* * *

By Mr. Machat:

18 Q. You are familiar with Tattooing, yes?

19 A. I understand – not familiar – I understand

20 the tattoo.

21 Q. No, a company called Tattooing, are you

22 familiar with them?

23 A. I saw them at the exhibit.

24 Q. Which exhibit did you see them at?

25 A. Trade shows.

29

1 Q. Were you at the trade show in Miami, Florida in

2 October '98?

3 A. Yes.

Q. I'm showing you what was marked yesterday as

Exhibit G.

A. Yes.

Q. Did you obtain that exhibit from their stand at

the trade show?

A. Yes.

Q. And you subsequently gave a copy of that

exhibit to your attorney; correct?

A. Correct.

Q. Who then provided it to me in the course of

discovery?

A. Uh-huh.

Q. If you look on the second page of that

Exhibit G –

A. Uh-huh.

Q. – doesn't it start off with the phrase "Our

Micro Colors are the best in the world"?

A. Yes, that's what it said

(McKinstry deposition, page 29, line 18 to page 30, line 21.)

* * *

By Mr. Machat

Q. Do you ever get concerned that people may

confuse the term "Micro Pigment" with your brand?

A. Yes.

Q. And why do you get concerned? Does that

happen?

MR. WU: Objection. Vague as to the word "your

brand."

BY MR. MACHAT:

Q. Your brand, I'm talking about the brand that's the subject of this lawsuit, Micro Colors.

A. Can you repeat your question again.

Q. Yes. Do you ever get concerned that people may be confused by the term Micro Pigment, and confuse that for your brands meaning –

A. For Micro Color.

Q. For Micro Color?

A. Yes.

Q. How often does that happen that people are confused?

A. I receive reports from staff about the confusion.

Q. Do you have any reports to disclose?

A. Not in the written form.

Q. Any particular products that people tell you

that are – well, strike that.

Who among your staff have told you that there has been some confusion here?

A. Every one of them.

McKinstry's deposition, page 72 line 22 through page 73, line 24.

DECLARATION OF THERESA KIM PLANTE

I, Theresa Kim Plante, hereby declare and state that:

1. I am the principal shareholder and President of Plaintiff, K.P. Permanent Make-up, Inc.

2. I first learned about the art of permanent make-up while studying with my aunt in Vietnam. My aunt had a cosmetology school called Kim Thien, where I studied from 1968 to 1970, before graduating in 1970.

3. From 1970 to approximately 1975, I taught cosmetology and did cosmetic tattoos.

4. After the fall of Saigon, I came to the United States in 1975. From 1975 through 1984, I worked part time for East Los Angeles Community College. In 1985, I started my own business, Kim's Paradise, in Los Angeles. I was helped by my husband, Kevin Plante, who is a registered nurse, and by June Noel.

5. In 1985, there were no schools that I know of that taught the art of cosmetic tattoos. It was mostly unheard of in America at that time. Cosmetic tattooing is the art of applying tattoo pigment to the face in a subtle manner to make the end result look natural. For example, someone might want a beauty mark, or eyeliner applied to their face and this is what I would do. I did these type of procedures while I lived in Vietnam. Over time, the art of cosmetic tattooing became known as permanent make-up. This is distinct from tattoos for the body.

6. Around 1989, I began to teach others how to apply permanent makeup to others. At that time, there were very few people in the US that knew how to apply permanent makeup, and many people would come to me

asking me how to do it. As I began to teach others in the art and science of permanent make-up, I began to further fulfil the needs of my students by selling them permanent make up products. Clinicians came to me for training from across the US. When they finished their training, they would then often request to purchase products. The business grew as I sold items such as permanent make up machines, needles, needle covers, micropigmentation colors, topical anaesthetics, and other related supplies to my clients throughout the US.

7. In the mid to late 1980's, Dr. Angres obtained some patents relating to micropigmentation. He obtained a patent for a machine he called a micropigmentation implanter. He sometimes shortened the name of his machine to just microimplanter. Dr. Angres also obtained a patent on the application of permanent eyeliners, a procedure I had been performing back in Vietnam. Dr. Angres gave lectures in the art and science of micropigmentation. Dr. Angres frequently used the terms microimplantation and micropigmentation when he referred to cosmetic tattooing.

8. Sometime around, 1992, Dr. Angres sued various individuals in the micropigmentation trade claiming the exclusive right to use micropigmentation techniques to create permanent eyeliner for women. Among those sued was MCN International and Tinny Beauty International Since I was performing these techniques in Vietnam before Dr. Angres came on the scene, Dr. Angres did not sue me too. Dr. Angres eventually lost his lawsuit against Tinny Beauty, and dismissed his lawsuit against MCN.

9. Since Dr. Angres' arrival in the field, the phrase micropigmentation has become synonymous with the

phrase permanent make-up. The industry that I operate in is referred to both as micropigmentation and permanent make-up. Although what we do is similar to tattooing, the industry refrains from using that term because the connotation of a tattoo is so different from the connotation of make-up.

10. Micropigmentation is the process of implanting micro pigments into the skin. Micro refers to small. Pigments is of course color. I have been shown an article written by Darlene Story, which is attached to her deposition as Exhibit N. I concur with her representation in the article that the molecular size of the pigments are very small. She states that the size of her pigments are six microns. That seems about right. I believe the prefix micro in micropigmentation is derived from the fact that the size of the particles implanted into the skin are micron sized.

11. There are various types of micropigmentation supplies. The supplies include needles, machines, sometimes called pens, and microcolors, the subject of this lawsuit. There are various synonyms for microcolors, such as: micropigments, microcolor pigments, micropigment colors and pigment colors.Both of these terms, micropigments and microcolors are abbreviations for micropigmentation colors. They all mean the same thing and are generic.

12. Attached to the deposition of Darlene Story, are examples of the widespread use of microcolor and/or close synonyms for microcolors in the trade. Page 2 of Exhibit G says at the top, "OUR MICRO COLORS ARE THE BEST IN THE WORLD." Exhibit G is a brochure put out by a competitor called Tattooing. The date of this brochure is October 1998. Exhibit E shows the use of the term "micro pigment colors" by our competitor,

Bio Touch. The back side of Exhibit F also shows the use of the term "micro pigment color" by Bio Touch. Exhibits E and F were acquired by my daughter in law and myself at a trade show about a year and a half ago. Exhibit L shows the use of the term "micro pigment cosmetic color" by Yee Beauty. Exhibit U, attached to the declaration of MCN president Lin McKinstry, shows the use of the term micropigment by competitor Mosty.

13. I first began selling permanent makeup colors myself in 1989. At that time, I was still operating under the name Kim's Paradise, but I sometimes abbreviated the name of the business to just "K.P." It was during that time that I began referring to the permanent makeup colors as micropigmentation colors. The micropigmentation colors were bottled inside small plastic bottles. I affixed a label to each bottle. My original labels simply identified my company and listed the color as " Color Pink 3" (or green or gray 1 or whatever the color happened to be.) These original labels did not use the term microcolor.

14. In the beginning of 1991, I noticed that permanent make-up was becoming very popular, and I wanted to make sure that the public did not confuse our product with products intended for use with tattoos. Therefore, I wanted to change color to micropigmentation color. As already mentioned, micropigmentation color is the technical term for what we sell. However, since that term was so long, it was awkward to fit it all on the label. Also, it was the custom in the industry to shorten micropigmentation color to microcolor. So in the beginning of 1991 I began using the term microcolor on my labels. Today the labels remain almost exactly the same today as they were in 1991. In March of 1998, we changed printers and the color of the background was changed to gold. Everything else remained the same. A

sample of our label is attached to our motion as Exhibit J.

15. Over the years, my business has expanded. People were coming to train with us and they came from all over. Once they trained with us and went home, they would then begin to start using our products. As a consequence we began to ship our products to salons throughout the US. Our number one state in terms of sales was always California. Florida became our second largest market, followed by New York and Texas.

16. In 1997, 1 incorporated my company under the name "K.P. Permanent Make-Up, Inc." in California. My company currently ships product throughout the United States and into other countries throughout the world, including into Japan, the Netherlands, Australia, France, Germany, England, Israel, Turkey, Norway, Spain, Italy, Brazil, Chile, Columbia, Venezuela, Peru, and other places throughout the world. We now sell our products to distributors in addition to salons. Our sales in foreign countries are usually to distributors. Although there are people who buy our products in the US and then resell them to others, we mostly sell directly to salons in the US.

17. In 1990 I began distributing flyers at trade shows which included the generic term microcolors. Exhibits H and I, both of which are attached to the deposition transcript of Darlene Story, a copy of which I am told will be lodged with this court, are samples of flyers that I handed out in 1990 and 1991, respectively. Both flyers use the generic and/or descriptive term microcolor. The word microcolor is used to indicate that included with the offer made on the flyer are 5 microcolor pigments.

18. It was only recently, sometime around 1999, that we began to print brochures on glossy card stock. Our current brochure consists of a color folder with printing on all four sides of the folder. The name "K.P Permanent Make-Up" and our logo consisting of the letters "K.P" adjacent to an eye with a colored eyelash and eyebrow" are prominently displayed throughout the folder. These four sides of the folder do not mention the words "micro color" or the word "microcolor". Inside each folder is a color printed price list on cardstock. The price list does not mention the words "micro color" or the word "microcolor" Also included in the brochure is a color chart. One side of the chart shows the colors for permanent make-up pens. (These are devices that are used to apply permanent make-up.) The other side of the color chart shows the various colors available for our micropigmentation colors. The phrase microcolor is used over here in a generic and/or descriptive sense. The exact phrasing is "microcolor pigment chart." The words describe exactly what the chart is.It is a chart of micro pigment colors. A copy of our brochure is attached as Exhibit K to the deposition transcript of Darlene Story, which is separately being lodged with this Court.

19. We have been attending trade shows for years. We attend many more shows than defendant MCN International or defendant Lasting Impression. There are many shows that we attend where we do not see a presence for Lasting Impression, or MCN. We exhibit at approximately 8 to 10 shows per year. The trade shows are attended by distributors and individual salons. We bring product to the show and sell it there at the show. We also bring brochures to the show for people to take, so they have information to take home and can buy later.

20. At these trade shows, we occasionally see Lin McKinstry of MCN International. We believe she makes it a habit to observe other competitors in the micropigmentation industry so she can copy their ideas and later claim them as their own. We have noticed that MCN seems to copy our ways of doing business from year to year. Over time MCN has not only taken our prior year's booth location from one year to the next at the annual industry show held in Miami, but MCN principal, Lin McKinstry, has also created a ruckus at the Miami show when she saw us selling a machine that was sold to us by a silent shareholder of MCN. McKinstry, and Chou, the silent shareholder, then arranged to transfer the patent rights to Chou's machine to MCN so that MCN could sue us for selling what was sold to us by Chou. This fraud was only recently discovered in the course of this lawsuit. I believe the cease and desist letter sent by defendants' counsel that precipitated the filing of this lawsuit is just another example of harassment by defendants.

21. In addition to copying my use of the term microcolors, defendants have also copied me in other instances. For instance, in or around 1996, my company came out with a permanent makeup machine which we called "P 5000". I noticed that defendant MCN came out with a similar machine which they called Platinum 5000, and then shortened its name to P 5000 in 1999.

22. My company has been naming our microcolors as Red 1, Red2, Pink 1, Pink2. Now, MCN also uses Red l, Red 2, etc. In 1999, we came out with color wheel instead of little checker board to illustrate our microcolors. Recently, MCN did the same, and now they have a wheel in their brochure. My company is not so foolish as to try to sue MCN for copying these ideas which appear to be in the public domain. I only mention

it now so it can be documented, to prevent defendants from claiming intellectual property rights in the future to things not rightfully theirs.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.
Executed this 18th day of April, 2001, at Los Angeles, California.

Theresa Kim Plante

JA104

DECLARATION OF

I, Virginia Arabi, hereby declare and state that:

1. I have been a custome. of Theresa Plante and her company since 8-5-1990.
I run a salon entitled Carousell Beauty Salon and located at 2500 West 6th Street #A Los Angeles, CA 90057.

2. I have been buying KP Permanent Make-Up since 8-5-1991.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP Permanent Make-Up since I have bought since 8-5-1991.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 4 day of October, 2000, at Los Angeles, California.

JA105

DECLARATION OF

I, Loan Lam, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since 3-28-92.
I run a salon entitled L-Q Beauty Salon and located at 7008 Reseda Bl, Reseda, CA 91335.

2. I have been buying KP Permanent Make-Up since 3-28-92.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP Permanent Make-Up since I have bought since 3-28-92.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 4 day of October, 2000, at Los Angeles, California.

JA106

DECLARATION OF

I, Florida Arevado, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since June 91.
I run a salon entitled Arceo's Beauty Salon and located at 2430 Gage Ave, Huntington Park, CA 90255.

2. I have been buying KP Permanent Make-Up since June 91.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since June 91.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 10 day of October, 2000, at Los Angeles, California.

JA107

DECLARATION OF

I, Diane Tran, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since Nov/22/92.
I run a salon entitled and located at 7262 Elmsburg Ln, West Hills, CA 91307.

2. I have been buying KP Permanent Make-Up since Nov/22/92.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since Nov/22/92.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 16 day of November, 2000, at Los Angeles, California.

DECLARATION OF

I, Marie Boyer, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since 1991.
I run a salon entitled Malia's Natural Beauty Clinic and located at 9024 Elk Grove Boulevard, Elk Grove, CA 95624.

2. I have been buying KP Permanent Make-Up since Dec., 1989.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since 1991.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 10 day of November, 2000, at Los Angeles, California.

DECLARATION OF

I, Aily Yang Rashad, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since June 19, 91.
I run a salon entitled 34 N. 1st St. and located at Banning, CA 92220 (909) 922-0876.

2. I have been buying KP Permanent Make-Up since June 19, 91.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since 91.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this day of October, 2000, at Los Angeles, California.

JA110

DECLARATION OF

I, Ondina Calix, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since Feb. 20-92.
I run a salon entitled New Dimensions and located at Col Las Hadas Tegucigalda Honduras, CA.

2. I have been buying KP Permanent Make-Up since Feb. 2- 92.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since Feb. 20-92.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 29 day of October, 2000, at Los Angeles, California.

JA111

DECLARATION OF

I, Maria Macial, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since Jan.-91.
I run a salon entitled Elegante Beauty Salon and located at 7212 S. Broadway Los Angeles, CA 90003.

2. I have been buying KP Permanent Make-Up since Jan.-91.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since Jan.-91.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 5 day of October, 2000, at Los Angeles, California.

JA112

DECLARATION OF

I, Misma B, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since 1992.
I run a salon entitled Misma Lopez and located at 14311 Aurd Rd La Paente, CA 91744.

2. I have been buying KP Permanent Make-Up since 1992.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since 1992.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 16 day of November, 2000, at Los Angeles, California.

JA113

DECLARATION OF

I, Wendy Gomez, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since 10-23-95.
I run a salon entitled and located at 1668 E 50th St Los Angeles CA 90011.

2. I have been buying KP Permanent Make-Up since 10-23-95.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since 10-23-95.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this day of October, 2000, at Los Angeles, California.

JA114

DECLARATION OF

I, Norma Abad, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since 1996.
I run a salon entitled and located at 3124 San Fernando Rd. LA 90065.

2. I have been buying KP Permanent Make-Up since 2/13/96.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since 1996.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this day of October, 2000, at Los Angeles, California.

JA115

DECLARATION OF

I, Diane Nguyen, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since 1991.
I run a salon entitled NH and located at 3E Taggart Dr Nashya NH 03060.

2. I have been buying KP Permanent Make-Up since 1991.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since 1991.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 28 day of February, 2000, at Los Angeles, California.

DECLARATION OF

I, Aurora Granades, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since 1990.
I run a salon entitled Varsity Salon and located at 5201 Gage Ave Bell, CA 90241.

2. I have been buying KP Permanent Make-Up since 1990-1991.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since 1991.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this day of November, 2000, at Los Angeles, California.

(323) 560-8099
(562) 928-1706
Pg(323) 372-7032

DECLARATION OF

I, Elvira Abrudan, hereby declare and state that:

1. I have been a customer of Theresa Plante and her company since 1991.
I run a salon entitled and located at 9831 Royal Palm Garden Grove CA 92841.

2. I have been buying KP Permanent Make-Up since 1991.

3. The labels affixed to the bottles of KP Permanent Make-Up have remained virtually the
same since I first began buying the product. The only change I have noticed is the background color has changed from silver to gold.

4. The term microcolor has been used on every label affixed to every bottle of KP
Permanent Make-Up since I have bought since 1991.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this day of November, 2000, at Los Angeles, California.

CASE NO: SA-CV-00-276-GLT (EEx)

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION – SANTA ANA

K.P. PERMANENT MAKE-UP, INC.,
Plaintiff,

v.

LASTING IMPRESSION, INC. and MCN INTERNATIONAL, INC.,
Defendants.

LASTING IMPRESSION I, INC.,
Counterclaimant,

vs.

K.P. PERMANENT MAKE-UP, INC.; and
ROES 1 through 10, inclusive;
Counter-Defendants.

LASTING IMPRESSION I, INC.'S
AND MCN INTERNATIONAL, INC. ' S
MOTION FOR SUMMARY ADJUDICATION;
MEMORANDUM OF POINTS AND AUTHORITIES;

Date: May 14, 2001
Time: 10:00 a.m.
Ctrm: 10D

TO ALL PARTIES AND TO THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on May 14, 2001, at 10:00 a.m., or as soon as the matter may be heard, in Courtroom 10D of the above-entitled court located at located at 411 West Fourth Street, Santa Ana, California 92701, defendant and counterclaimant Lasting Impression I, Inc. and MCN International, Inc. will and do hereby present their motion for summary adjudication of issues in its favor and against plaintiff and counterdefendant KP Permanent Make-Up, Inc. As further explained in this Notice, the cumulative result of this motion also seeks the complete adjudication of plaintiff's Complaint.

This motion is made pursuant to Rule 56 of the Federal Rules of Civil Procedure on the grounds that there is no triable issue as to any material fact and said Movant is entitled to summary adjudication of issues as stated herein below in Issue Nos. 1 through 5.

The issues that are the subject of this motion for summary adjudication of issues are stated as follows:

Issue No. 1:

Plaintiff /Counterdefendant K.P. Permanent Make-Up, Inc.'s ("KP") sixth affirmative defense to the counterclaim has no merit because KP cannot satisfy an essential element of the "prior use" defense (15 U.S.C. § 1065) that KP had acquired trademark rights for KP's phrase "microcolor" under state law prior to the date of Lasting's incontestable registration.

Issue No. 2 :

KP's seventh affirmative defense to the counterclaim has no merit because KP cannot

satisfy an essential element of the "prior use" defense (15 U.S.C. § 1065) that KP had acquired trademark rights for KP's phrase "microcolor" under state law prior to the date of Lasting's incontestable registration.

Issue No. 3:

Defendant/Counterclaimant Lasting Impression I, Inc. 's "Micro Colors" trademark under U.S. Trademark Reg. No. 1,769,592 (hereinafter "Trademark") is completely textual, and not limited to the words-in-the-box composite.
Issue No. 4:

KP's fifth affirmative defense to the infringement counterclaim has no merit because KP has insufficient facts to support its defense that the phrase "microcolor" is generic.

Issue No. 5:

KP's first count for declaratory relief has no merit because KP has insufficient facts to support its claim that the phrase "microcolor" is generic.

Should the Court grant this motion as to Issue Nos. 1 and 5, then effectively, moving parties are entitled to a complete adjudication on plaintiff's single-count Complaint for declaratory relief in defendants' favor. In other words, the grant of this motion as to Issue Nos. 1 and 5 would amount to a partial summary judgment completely disposing of plaintiff's Complaint.
This motion will be based upon this (1) notice of motion and motion, (2) the memorandum of points and authorities attached hereto, (3) the accompanying separate statement of uncontroverted facts and

conclusions of law filed herewith, (4) the declarations of Darlene Story, Lin McKinstry, Lydia Leung and Charles C.H. Wu, and **Exhibits "1" through "46"** filed herewith, (5) the records and files in this action, (6) the oral argument presented at the time of the hearing of the motion, and (7) on such further oral and documentary matters as may be, properly placed before the Court.

This motion is made following the conference of counsel pursuant to Local Rule 7.4.1 which took place at various times prior to the March 15, 2001 filing of the Stipulation and Order setting the briefing schedule and hearing date on cross-motions for summary judgment/adjudication.

Respectively submitted,

CHARLES C.H. WU & ASSOCIATES
A PROFESSIONAL CORPORATION

By: CHARLES C.H. WU
Attorneys for Defendants and Counterclaimant
MCN International, Inc. and Lasting Impression I, Inc.

Dated: April 20, 2001

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* * *

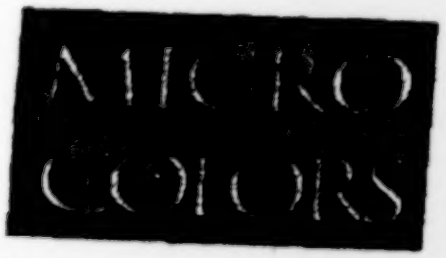
II

THE COMPETING MARKS
LASTING'S REGISTERED "MICRO COLORS"
VERSUS KP'S "MICROCOLOR"

On May 11, 1993, moving party Lasting obtained a trademark registration from the U.S. Patent and Trademark Office for the phrase **"Micro-Colors"** which Lasting (and co-defendant MCN International, Inc.) have since used in their sales and marketing operations to refer to their permanent make-up color pigments. (**Exhibit "1"**.)[1] (Hereinafter, said registered trademark may be referred to as the "Trademark".)

As stated in the Trademark registration, Lasting began marketing and selling permanent make-up products with the Trademark in March 1992.

The depiction of the Lasting trademark is as follows:



KP also markets and sells its own permanent make-up color pigments.

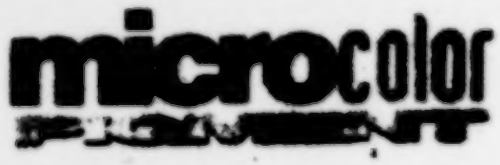
Viewing the facts in KP's best light, KP began using a "microcolor" phrase in 1990/1991 on its pigment bottling labels and in two seminar flyers. (**Exhibit "32"**, at pages **000158 - 000160** therein.)

KP's bottling labels, as used in 1990/1991, purportedly appeared in the form shown above in the Introduction section.

It should be noted that KP's labels are not from 1991. The depicted labels have been explained by KP to be its current labels that KP uses in this action to demonstrate how its labels purportedly appeared in 1991. Throughout this action, KP has not been able to produce an actual label from 1991.

KP's use of the "microcolor" term in the 1990/1991 seminar flyers was merely in its textual form, without any art or graphic designs. (**Exhibit "32"**, at pages **000159 - 000160**.)

In or about 1999, KP adopted a more stylized mark depicted as follows:



However, that mark adopted by KP in 1998/1999 should be irrelevant to the issues herein because it postdates the date of the incontestable registration date of May 11, 1998.

* * *

3. **KP's "microcolor" is descriptive without a secondary meaning**

First, plaintiff KP's admission that its "microcolor" phrase is descriptive precludes KP from

proving the first element of the Cullman standard that it had acquired any state law trademark rights regarding the "micro color" phrase because a descriptive mark is not entitled to any trademark rights. Two Pesos, 505 U.S. at 769.

Plaintiff KP's declaration by Theresa Plante, and the deposition testimony of Theresa Plante, Kim Tran and Vanessa Plante amount to admissions that KP used the "micro color" phrase descriptively on bottling labels and seminar flyers to identify KP's pigment colors or shades. (*See* Uncontroverted Fact No. 4.)

With an admittedly descriptive "microcolor" mark, KP would have to demonstrate that its mark had acquired some valid secondary meaning in order to satisfy the Cullman standard.

But, the deposition testimony of KP's owner (Theresa) and her son (Josef) precludes any notion of a valid secondary meaning. Both Theresa and Josef Plante testified that KP did not consider "microcolor" as having any logo, brand or trademark value to KP.

Specifically, Theresa Plante and Josef Plante testified consistently at their depositions that they recognized only K.P. Permanent Make-up, Giantsun, Mylo and an eye-logo type of design as logos, brands or marks associated with KP. "Microcolor" was not listed as one. (Theresa Plante depos. at 128:1 thru 133:9, at **Exhibit "34"**; Josef Plante depos. at 39:23 thru 44:21, at **Exhibit "35"**.)

As a result, KP had no protectable trademark rights in its "microcolor" phrase so that KP cannot satisfy the Cullman standard.

4. KP admits that "microcolor" is not one of its trademarks or other proprietary assets

A **Second** reason for invalidating KP's claim is because KP admits that "microcolor" is not one of its trademarks.

As presented above and in Lasting's Uncontroverted Fact No. 5, KP makes no claim to "microcolor" as a trademark.

KP freely listed "KP Permanent Make-Up", "Giantsun", "Mylo" and an eye logo as claimed marks or brand names, but KP did not make a similar claim as to "microcolor". (Theresa Plante depos., at 129:1 thru 133:9; Josef Plante depos. vol. 1, at 40:14-21, 42:9 thru 44:22.)

According to Josef Plante, KP uses "K.P. Permanent Make-up" as its brand name for its permanent make up products, which would include the pigments, needles and other accessories. (Josef Plante depos. vol. l, at 43:25 thru 44:11.)

If "microcolor" is not a trademark for KP, then a *fortiori* KP cannot satisfy the Cullman standard that it has acquired the requisite trademark rights to invoke the prior use rule.

5. KP's "microcolor" mark is functional; hence not capable of trademark protections

Aside from the above discussion of the consequence of a descriptive mark, the fact KP's "microcolor" phrase is "functional" further prohibits the acquisition of any trademark rights for that phrase.

"Trademark or trade dress protection extends only to product features that are nonfunctional." Disc Golf Ass'n, Inc. v. Champ on Discs, Inc., 158 F. 3d 1002, 1006 (9th Cir. 1998) .

As described by the Ninth Circuit, functional features of a products are those that provide actual benefits, as distinguished from a feature that provide an assurance that a particular entity made, sponsored, or endorsed a product. Id.

The gist of the rule is that a functional mark cannot be trademarked.

Applying that rule here, if KP's "microcolor" phrase is a functional phrase, then it could never be trademarked. And, as a further result, with no trademark, KP cannot satisfy the Cullman standard to prove any senior use.

Here, for example with the bottling label (**Exhibit "32"**, at page 000158), KP uses the "microcolor" phrase as an identifier to explain to the customer the particular pigment color or shade of the permanent make up pigment within the bottle to which the label is affixed. In such an illustration, the words "microcolor: green" on the label tells the customer that the pigment in the bottle is green in color. Hence, KP's use of the "microcolor" phrase is entirely functional.

Further, KP's use of the "microcolor" phrase in its seminar flyers was also functional. (**Exhibit "32"**, at pages 000159 - 000160.)

One cannot reasonably glean from KP's "microcolor" phrase that it is being used as a brand

name for association with KP as the producer or maker of the pigment.

* * *

FOOTNOTES

[1] All Exhibits so referenced in this motion are to those Exhibits provided with the accompanying Declarations filed herewith.

DECLARATION OF DARLENE STORY

I, Darlene Story, declare as follows:

1. The facts set forth in this declaration are personally known to me and I have first hand knowledge of these facts. If called upon to testify during the court of this action, I could and would competently testify thereto under oath. I am the founder of defendant/counter-claimant Lasting Impression I, Inc. ("Lasting") in this action. I am the president of Lasting.

2. I give this declaration to support Lasting's and MCN International, Inc.'s motion for summary adjudication of issues against plaintiff K.P. Permanent Make-Up, Inc. ("KP").

3. The subject of this lawsuit is Lasting's "micro colors" trademark which is registered with the U.S. Patent and Trademark Office as Reg. No. 1,769,592 (hereinafter "Trademark"). (A true copy of said registration is attached hereto as **Exhibit "1"**.) Lasting uses said Trademark primarily within the permanent make up industry.

I
A BRIEF DESCRIPTION OF THE PERMANENT MAKEUP INDUSTRY

4. Lasting is in the business of permanent make up, which has been called micropigmentation, dermapigmentation and intradermal pigmentation. Basically, said terms identify a cosmetics practice of implanting color pigments into the skin to achieve the result of permanent make. I once gave an explanation in 1993 which is equally applicable now and quoted as follows:

"Micropigmentation,the implantation of an inert iron oxide pigment into the dermis, offers new options and hope for countless individuals. Its popularity has been fueled by its cosmetic uses as an eye liner, eyebrow enhancer and lip liner. However, the medical community has also used micropigmentation to enhance the final results in breast reconstruction, scar revision, burns, vitiligo, tumor markers and other cases of pigmentary disorder."

(A true copy of the pertinent excerpt from the January/February 1993 issue of *Skin Inc.* is attached hereto as **Exhibit "2"** which displays an article that I co-authored with my husband.)

5. Lasting and KP are direct competitors in the field of permanent make-up. Based on knowledge I acquired by reviewing KP's catalogues and price lists, and having seen KP's products at trade shows and elsewhere, both Lasting and KP offer similar products to the same types of customers. Both Lasting and KP have developed respective pigments that we separately market with the use of color charts. I am aware of other competitors in the trade but, as far as I know to date, none of the other competitors use Lasting's registered "micro colors" mark.

II
LASTING'S "MICRO COLORS" TRADEMARK AND ITS MARKETING OF ITS PRODUCTS

6. On May 11, 1993, defendant/counterclaimant Lasting received the grant of its application for its trademark for "micro colors," in the Principal Register of the United States Patent and Trademark Office, bearing registration number

1,769,592. (A true copy of said registration is attached hereto as **Exhibit"1"**.)

7. Lasting uses said trademark to identify its pigments for permanent make-up use.

8. A true copy of a sample color chart of Lasting's color pigments is attached hereto as **Exhibit "3"**. The color chart advertises most of over 80 shades of "micro colors" pigments that can match over 300 skin tones.

9. A true copy of sample labels and materials used by Lasting for its "micro colors" products is attached hereto as **Exhibit "4"**.

10. As stated in the registration, Lasting' s first use of the mark was on March 16, 1992, and its first use of the mark in commerce occurred on April 10, 1992. **(Exhibit "I".)**

11. Indeed, in 1992, Lasting commenced advertising the "micro colors" mark with advertisements in successive issues of the *Skin Inc.* periodical. (True copies of said advertisements are attached collectively hereto as **Exhibit "5"**.)

12. In 1993/1994, Lasting awarded to co-defendant MCN an exclusive international distributorship to market and sell "micro colors" products in the aesthetics and beauty portion of the permanent make up industry. Lasting reserved to itself the medical portion of the industry. Recall that permanent make-up has both medical and aesthetic applications. By and large, that is how Lasting and MCN divided their marketing and sales boundaries.

13. Lasting and MCN sometimes use the "micro colors" Trademark in a textual form without the composite graphics or design as literally shown on the trademark registration that is **Exhibit "1"**. In such instances, Lasting and MCN would use and does use the circle-R or ® symbol following the "micro colors" words. (Attached hereto as **Exhibit "4"** are copies of excerpts from catalogues and user booklets of Lasting and MCN products demonstrating use of the circle-R or ® symbol.)

14. Lasting has been continuously using the "Micro Colors" Trademark in commerce in association with its products ever since the 1st use date of March 16, 1992. The "Micro colors" trademark was issued on May 11, 1993 by the U.S. Patent and Trademark Office. Five years after May 11, 1993, pursuant to 11 U.S.C. § 1065, the "Micro colors" trademark achieved incontestability status. Attached hereto as **Exhibit "6"** is a copy of the Section 8 and 15 affidavit executed by me and approved by the U.S. Patent and Trademark Office.

III
OTHER COMPETITORS DO NOT USE "MICRO COLORS" OR "MICROCOLOR" FOR ASSOCIATION TO PIGNENTS

15. In addition to Lin McKinstry's efforts, I too have monitored the competition in the permanent make up industry to be diligent. I have attended countless trade shows, I have participated as a speaker at the trade shows, have otherwise kept current with research and other advancements in the trade. I have reviewed Ms. McKinstry's accompanying declaration in which she has identified over 20 competitors who sell permanent make up pigments without using the "micro colors" term, and I concur in those observations. In the interest

of not duplicating Ms. McKinstry's testimony, I would defer to her declaration in this regard in support of the subject motion.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 20, 2001 at Englewood, New Jersey.

Darlene Story

DECLARATION OF LIN McKINSTRY

I, Lin McKinstry, declare as follows:

1. The facts set forth in this declaration are personally known to me and I have first hand knowledge of these facts. If called upon to testify during the court of this action, I could and would competently testify thereto under oath. I am the president of MCN International ("MCN").

2. I give this declaration to support MCN's and Lasting Impression I, Inc.'s motion for summary adjudication of issues against plaintiff K. P. Permanent Make-Up, Inc. ("KP").

3. In 1993/1994, MCN received from Lasting an exclusive international distributorship to market and sell "micro colors" products in the aesthetics and beauty portion of the permanent make up industry. There is a medical side to the permanent make up industry, but MCN does not do business in that sector.

4. Since MCN acquired said distributorship, I have continuously and aggressively marketed and promoted the Mei Cha and "micro colors" product lines. It bears noting that MCN does not have any clinics for the actual application of the permanent make up products to the ultimate user/customer. MCN only sells the products and equipment. MCN relies on clinics and beauticians to select and use its products.

5. While engaged in furthering the business of MCN, I have also monitored the activities of MCN's competitors, including plaintiff KP. I give this declaration based on my personal involvement and supervision in virtually every aspect of MCN's business.

I

OTHER COMPETITORS DO NOT USE "MICRO COLORS" OR "MICROCOLOR" FOR PIGMENTS

6. Plaintiff KP directly competes with MCN and Lasting in the field of permanent make-up. Based on knowledge I acquired by reviewing KP's catalogues and price lists, and having seen KP's products at trade shows and elsewhere, both MCN and KP offer similar products to the same types of customers. Both MCN and KP have developed respective pigments that we separately market with the use of color charts. I am aware of other competitors in the trade but, as far as I know to date, none of the other competitors use Lasting's registered "micro colors" mark.

7. I have attended hundreds of trade shows regarding skin and cosmetics care and products, and have consistently collected advertisements, price lists and "hand-outs" from competitors and others in the trade, especially those who also attend the trade shows. I attend the conventions that are organized by the International Congress of Esthetics, as well as the conventions that MCN has itself sponsored. I also keep up with the various trade periodicals that publish advertisements and articles concerning permanent make up. Furthermore, I also simply receive information in the mail from companies that seem to mass-mail their information to those of us in the permanent make up industry.

8. I have researched how other competitors in the permanent make up business market or advertise their make up pigments. Other than plaintiff KP, I have found no other company that uses the phrase "micro

colors" or "microcolor" to market permanent make up pigments.

9. Identified below are various competitors along with a brief description of how they respectively market their permanent make up pigments:

(1) A 1992-93 price list for Solutions For Beauty advertised its permanent make up colors as "Permanent Cosmetic Color"'. (A true copy of said price list is attached hereto as **Exhibit "8"**.)

(2) A 1993 price list for Acti-Color advertised its permanent make up colors as "pigments"'. (A true copy of said price list is attached hereto as **Exhibit "9"**.)

(3) A 1993 price list for United Tattoo Supply advertised its permanent make up colors as "cosmetic colors" and "United creamy pre-mix colors". (A true copy of said price list is attached hereto as **Exhibit "10"**.)

(4) A 1994 price list for the Institut Americain de DermoPigmentation advertised its pigments as "liquid/cream pigments". (A true copy of said price list is attached hereto as **Exhibit "11"**.)

(5) A price list for Mei Beauty Products, Inc. (from a 1997 trade show) advertised its pigments and color chart for "Mosty colors". (A true copy of said price list/color chart is attached hereto as **Exhibit "12"**.)

(6) A price list for Permanent Make-Up, Inc. (dated October 1, 1997) advertised its colors simply as "non-toxic pigment". (A true copy of said price list is attached hereto as **Exhibit "13"**.)

(7) The Academy of Electrology advertised its permanent make up colors as "Sof Tap Permanent Cosmetics" in 1997. (A true copy of said ad is attached hereto as **Exhibit "14"**.)

(8) A June 1999 price list for Charme International advertised 42 different shades of "MegaColors pigments". (A true copy of said price list is attached hereto as **Exhibit "15"**.)

(9) An undated price list for Cleo Colors advertised its "Cleo Color pigments". (A true copy of said price list is attached hereto as **Exhibit "16"**.)

(10) An undated color chart for Premier Products advertised its "mixing colors", "correctional colors", "camouflage colors", among others. (A true copy of said color chart is attached hereto as **Exhibit "17"**.)

(11) An undated price list for Tri-Lab Products advertised its "Designer Series Colours". (A true copy of said price list is attached hereto as **Exhibit "18"**.)

(12) An undated price list for Spaulding-Rogers Mfg., Inc. advertised its "Cosmetic Colors" and "Tattoo Colors". (A true copy of said price list is attached hereto as **Exhibit "19"**.)

(13) An undated price list for Permanent Choices advertised its color chart and price list for "Permanent Choices Pigments" and "permanent makeup colors". (A true copy of said price list/color chart is attached hereto as **Exhibit "20"**.)

(14) An undated advertisement for Silver Needles Products & Services, Inc. advertised its

"Rainbow Colors" created by Rainbow Pigment Colors, Inc. (True copies of said advertisement and the related price list are attached hereto as **Exhibit "21"**.)

(15) An undated catalog for Derma-Medical Institute advertised its colors as "Derma Medical Colors". (A true copy of excerpts of said catalog is attached hereto as **Exhibit "22"**.)

(16) An undated price list for Forever Natural advertised its colors as "premixed cosmetic pigments". (A true copy of said price list is attached hereto as **Exhibit "23"**.)

(17) An undated price list for Forever More Permanent Cosmetics Inc. advertised its colors simply as "liquid pigments". (A true copy of said price list is attached hereto as **Exhibit "24"**.)

(18) Mary's Permanent Make-up advertised its color chart simply as a "color chart". (A true copy of said price list is attached hereto as **Exhibit "25"**.)

(19) A price list for Paradise Permanent Make-up advertised its colors simply as "pigments". (A true copy of said price list is attached hereto as **Exhibit "26"**.)

(20) A color chart for Boca Ta-2 advertised its colors simply as "pigments". (A true copy of said color chart is attached hereto as **Exhibit "27"**.)

II
INDUSTRY RECOGNIZES AND ASSOCIATES THE "MICRO COLORS" TRADEMARK WITH LASTING AND MCN

10. In the 2000 Directory issue or the April 2000 issue of *Skin, Inc.*, the magazine published a list called "Brand Name Cross-reference"'. (True copies of excerpts of said magazine are attached hereto as **Exhibit "28"**.) That reference list identifies the "micro colors" brand as belonging to Lasting and MCN:

Brand Name	Company Name
Micro-Color Pigments	Lasting Impression I
Micro-Colors	MCN International

Skin, Inc. is a widely respected trade journal for the beauty or esthetics industry, and I suspect that any company in the trade subscribes to it or should subscribe to it.

11. As the *Skin, Inc.* reference list shows, no other company is recognized as a user of the "micro colors" mark, except far Lasting and MCN.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 19th, 2001 at Irvine, California.

Lin McKinstry

DECLARATION OF LYDIA LEUNG (EXPERT)

I, Lydia Leung, declare as follows:

1. The facts set forth in this declaration are personally known to me and I have first hand knowledge of these facts. If called upon to testify during the court of this action, I could and would competently testify thereto under oath. I am not a party to this lawsuit.

2. I give this declaration to provide expert witness testimony in support of Lasting Impression I, Inc.'s motion for summary adjudication against plaintiff K.P. Permanent Make-Up, Inc. ("KP").

3. I am the president and the CEO of Tinny Beauty International, Inc.

4. The permanent make up industry essentially revolves around the micropigmentation process by which colored pigments are inserted into the facial skin to achieve a permanent form of cosmetic make up.

5. I have been employed or consulted within the permanent make up industry since 1978. I am also certified as a permanent make up technician, and as such, I have performed many procedures upon clients by which I have successfully applied permanent make up color pigments to the facial skin of said clients.

6. Among my experience and activities within the industry, I have attended countless beauty trade shows that include the permanent make up trade and merchants such as the parties in this lawsuit. Also, I have for the past many years continuously subscribed to the various beauty trade journals, which I have read to

keep current with events and happenings within the permanent make up industry.

7. I understand that in this lawsuit, KP makes the contention that the phrase "micro colors" or "microcolor" is commonly used within the permanent make up industry to refer to the pigments utilized in the micropigmentation process. In my expert opinion, that assertion is not true. In my experience, and through my contacts within the permanent make up industry, the "micro colors" or "microcolor" phrases are not commonly used as standard or generic names for the permanent make up pigments. I do not use such phrases in the manner as asserted by KP.

8. In my many years of participating in the permanent make up business, and having interacted and communicated with various members of the permanent make up business, I have personally observed and have come to the expert opinion that the "microcolor" or "micro colors" phrases refer to a brand name or trademark belonging to Lasting and MCN for their permanent make up color pigments.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 19th, 2001 at Flushing, New York.

Lydia Leung

CASE NO: SA-CV-00-276-GLT (EEx)

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION – SANTA ANA

K.P. PERMANENT MAKE-UP, INC.,
Plaintiff,

vs.

LASTING IMPRESSION, INC. and MCN INTERNATIONAL, INC.,
Defendants.

LASTING IMPRESSION I, INC.,
Counterclaimant,

vs.

K.P. PERMANENT MAKE-UP, INC.; and
ROES 1 through 10, inclusive;
Counter-Defendants.

LASTING IMPRESSION I, INC.'S AND MCN INTERNATIONAL, INC.'S OPPOSITION TO K.P. PERMANENT MAKE-UP, I NC .'S MOTION FOR SUMMARY JUDGMENT/ADJUDICATION; MEMORANDUM OF POINTS AND AUTHORITIES;

Date: May 14, 2001
Time: 10:00 a.m.
Ctrm: 10D

TO ALL PARTIES AND TO THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that Defendants and counterclaimant Lasting Impression I, Inc. and MCN International, Inc. hereby present their opposition to the motion for summary judgment by plaintiff and counterdefendant K.P. Permanent Make-Up, Inc.

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VI. RELEVANT LAW AND DISCUSSION RE: PRIOR USE ISSUE 23

A. Allegedly, movant Lasting, the federal registrant is a junior user. The Court

previously stated the legal standard requiring KP to show that it had acquired prior state law trademark rights to its "microcolor" mark 23

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* * *

IV
KP CANNOT PREVAIL ON THE "FAIR USE" DOCTRINE

KP argues the "fair use" doctrine as a defense based on its Seventh Affirmative Defense in KP's amended reply.

(Lasting's/MCN's **Exhibit "30"**.) Hence, this issue relates to Lasting's counterclaim only, and is irrelevant to KP's complaint for declaratory relief.

A. KP is not entitled to invoke the "fair use" doctrine

KP relies on 15 U.S.C. § 1115 (b) (4) to argue that its use of the "microcolor" phrase is a permitted fair use in defense to Lasting's counterclaim for trademark infringement.

Per Section 1115(b)(4), KP must prove that its use of the "microcolors" term "**is a use, otherwise than as a mark, . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party**".

At the outset, KP claims only 2 ways of using "micro color" uses: on its bottling labels since 1991, and on its new brochures since 1998/1999. (KP's motion at 15:1-5.)

Per the deposition testimony of KP's employees, KP uses the "microcolor" term on its bottling labels merely to describe the color or hue of the permanent make up pigment that is in the bottle. Deposition of Theresa Plante, at 123:2-21, 127:12-25 (**Exhibit "34"**); Deposition of Kim Tran, at 78:14 thru 79:6 (**Exhibit "36"**); Deposition of Vanessa Plante, at 44:19 thru 45:13 (**Exhibit "37"**). The key here is that KP does not use the "microcolor" phrase to refer to the pigment product, but to the shade or hue of the pigment. Such is not the intent of section 1115 (b) (4).

B. Triable issues of fact exist as to whether KP can prove a Section 1115(b)(4) defense

In any event, there is a factual dispute as to whether KP has "**fairly and in good faith**" added the 1998/1999 use of "microcolor" in its new brochures. (Theresa Plante depos. at 131:11 to 132:6, at **Exhibit "44"** filed herewith.)

Per the Opposing Declaration of Lin McKinstry ¶¶ 4-5 filed herewith, there is evidence that KP may have motives other than fairness or good faith to adopt the new "microcolor" pigment chart in 1999 to infringe upon Lasting/MCN's "Micro Colors" trademark.

V
TRIABLE ISSUES OF FACT DENIES KP A SUMMARY ADJUDICATION OF THE LIKELIHOOD OF CONFUSION

KP's section IX of its motion attempts to summarily adjudicate the lack of any likelihood of confusion as an element of Lasting's counterclaim for trademark infringement.

Likelihood of confusion invokes the 8-part test stated by the Ninth Circuit in AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-349 (9th Cir. 1979).

The issue of likelihood of confusion, however, is prone to conflicting evidence that preclude the grant of summary judgment.[2] *E.g.*, Interstellar Starship Services, Ltd. v. Epix Incorporated, 184 F.3d 1107, 1110-1112 (9th Cir. 1999) (holding that 5 of the Sleekcraft factors had conflicting evidence that required a trial).

The Ninth Circuit has observed: "The Lanham Act's `likelihood of confusion' standard is predominantly factual in nature." Wendt v. Host International, Inc., 125 F. 3d 806, 812 (9th Cir. 1997) (holding that a reasonable jury could reach an opposite result on the Sleekcraft factors against summary judgment).

A. KP's motion cannot establish lack of confusion as a matter of law

Section IX of KP's motion (at pages 21-23 therein) asserts the lack of likelihood of confusion based on a comparison of the following three marks: (1) KP's "microcolor pigment chart" phrase from its 1998/1999 brochure, (2) Lasting's registered "Micro Colors" Trademark, and (3) KP's KP-and-an-eye-in-an-oval logo from KP's 1998/1999 brochure.

KP provides no legal authority or evidentiary basis for what KP is attempting to do.

Notwithstanding, it appears that KP is attempting to address one or both of the "similarity of marks" and/or "evidence of actual confusion" factors from the Sleekcraft decision. Sleekcraft, 599 F.2d at 348-349.

KP has cited to no evidentiary support for why KP believes that there is no likelihood of confusion. KP merely presents the three designs at page 22 of its motion and mutely suggests that such a presentation adequately states KP's case. Under all notions of fairness having to do with motions for summary judgment and Rule 56, KP has fallen short of satisfying its burdens as the movant.

In any event, in an abundance of caution, defendants present the Opposing Declaration of Gloria Torres filed herewith for opposing evidence that KP's "microcolor" phrase has created confusion with Lasting's "Micro Colors" Trademark. Per Ms. Torres' declaration, there had been customers who reported confusion between KP's "microcolor" and Lasting's "Micro Colors". Hence, this factual issue must be reserved for trial.

B. KP's overlooking all the *Sleekcraft* factors precludes the grant of summary judgment to KP that there cannot be of any likelihood of confusion

There is a second reason for denying summary adjudication of KP's issue that there is no likelihood of confusion: evaluation of the likelihood of confusion does not rest on just one of the 8 Sleekcraft factors.

Notable comments by the Ninth Circuit regarding the application of the Sleekcraft factors are collected as follow:

"The core element of trademark infringement is the likelihood of confusion, i.e., whether the similarity of the marks is likely to confuse customers about the source of the products. We look to the following factors for guidance in determining the likelihood of confusion: similarity of the conflicting designations; relatedness or proximity of the two companies' products or services; strength of [registrant's] mark; marketing channels used; degree of care likely to be exercised by purchasers in selecting goods; [alleged infringer's] intent in selecting its mark; evidence of actual confusion; and likelihood of expansion in product lines. These eight factors are often referred to as the Sleekcraft factors."

(Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F. 3d 1036, 1053-1054 (9th Cir. 1999) (citations omitted).)

"A word of caution: this eight-factor test for likelihood of confusion is pliant. Some factors are much more important than others, and the relative importance of each individual factor will be case specific."

(Brookfield, 174 F.3d at 1054.)

"Nevertheless, the more similar the marks in terms of appearance, sound, and meaning, the greater the likelihood of confusion. In analyzing this factor, [t]he marks must be considered in their entirety and as they appear in the marketplace,' with similarities weighed more heavily than differences."

(Brookfield, 174 F.3d at 1054 (citations omitted).)

"Similarity of marks alone, as we have explained, does not necessarily lead to consumer confusion."

(Brookfield, 174 F.3d at 1055 (citations omitted).)

In whole, the Ninth Circuit advises that the Sleekcraft factors are factual and intertwined, not susceptible to isolated analysis as a matter of law to determine the issue confusion in the trademark infringement context.

VI
KP CANNOT SATISFY
THE ""PRIOR USE" RULE

KP's section X of its motion claims the defense (to the trademark infringement counterclaim) that KP

had acquired prior use of a state law trademark pursuant to 15 U.S.C. § 1065.

Among other elements, KP must prove that it had acquired trademark rights under state law prior to the date of Lasting's incontestable registration.

But, KP cannot prove the elements to establish that it was a senior user of its "microcolor" mark because "microcolor" is descriptive without any secondary meaning, and is functional. Most importantly, KP has not been treating or using its "microcolor" as a trademark. Thus, it cannot be a senior user of a phrase that is not even a trademark.

A. Allegedly, movant Lasting, the federal registrant is a junior user. The Court previously stated the legal standard requiring KP to show that it had acquired prior state law trademark rights to its "microcolor" mark

The court previously announced the legal standard governing plaintiff KP's claim that it is a senior user of its "microcolor" mark. This legal authority is codified in at 15 U.S.C. § 1065, which provides that incontestability is limited per the following pertinent quotation:

"Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the registrant to use such registered mark in commerce

for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: Provided, That- *****

"(4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

"Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this chapter shall apply *** upon the filing of the required affidavit with the Director within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of [1062(c)]."

"The Director shall notify any registrant who files the above-prescribed affidavit of the filing thereof."

The Court's January 17, 2001 Order denying Lasting's motion for a preliminary injunction included the Court's statement of the standard charged to plaintiff KP to prove a prior use defense:\

"The elements of the prior use defense are: (1) acquisition of trademark rights under state law prior to the date of the incontestable registration; (2) continuance of use of the trademark from that date; and (3) that the prior use is on goods or services which are in issue in the case and infringement is proven. Cullman Ventures, Inc. v. Columbian Art Works, Inc., 717 F. Supp. 96, 111 n.8 (S. D. N. Y. 1989) ."

(Order, at **Exhibit "33"**.) Said standard under Cullman has been consistently stated the Ninth Circuit

in Casual Corner Associates, Inc. v. Casual Stores of Nevada, Inc., 493 F. 2d 709, 712 (9th Cir. 1974) .

The key element is the first element from the Cullman standard.

B. KP cannot demonstrate that it had acquired prior state law trademark rights to its "microcolor" mark

There are two reasons for finding that KP cannot satisfy the first element of the Cullman standard as a matter of law.

At the outset, it would be prudent to lay out the governing standards that apply to evaluating the *functional* and *descriptive* nature of KP's "microcolor" mark.

1. Standards governing KP's descriptive "microcolor" mark

A trademark is defined in 15 U.S. C. § 1127 as including "any word, name, symbol, or device or any combination thereof" used by any person "to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."

Marks are classified in categories of generally increasing distinctiveness; following this classic formulation: (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, or (5) fanciful. Two Pesos v. Taco Cabana, 505 U.S. 763, 768, 112 S.Ct. 2753, 2757 (1992).

Relevant to this motion regarding KP's purportedly senior mark, "Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected. However, descriptive marks may acquire the distinctiveness which will allow them to be protected.... Section 2 of the Lanham Act provides that a descriptive mark that otherwise could not be registered under the Act may be registered if it `has become distinctive of the applicant's goods in commerce.' *** This acquired distinctiveness is generally called `secondary meaning'." Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 769, 112 S.Ct. 2753, 2757-58 (1992) (citations omitted).

In other words, a "trademark that is descriptive and lacks secondary meaning is invalid." Self-Realization Fellowship Church v. Ananda Churck of Self-Realization, 59 F.3d 902, 910 (9th Cir. 1995).

Addressing the notion of how the "secondary meaning" doctrine operates, Justice Frankfurter of the U.S. Supreme Court stated:

"The protection of trademarks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them . . . The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol . . . If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress."

Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205, 62 S.Ct. 1022, 1024 (1942).

So, consistent with the above authorities, the Ninth Circuit follows the standard that a "descriptive term can be protected provided that it has acquired `secondary meaning' in the minds of consumers, i.e., it has `become distinctive of the [trademark] applicant's goods in commerce.'" Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc., 198 F. 3d 1143, 1147 (9th Cir. 1999).

2. The State law trademark standards from California, New York, Texas and Florida where KP claims to have conducted commerce with its "microcolor" phrase

Per the October 4, 2000 declaration of Theresa Plante at 996 (**Exhibit "32"**, at page 000154) and the deposition testimony of Ms. Plante (**Exhibit "34"**, at 126:21 thru 127:11), she confirms that KP has conducted its permanent make up business in the states of California, New York, Texas, and Florida.

As shown below, the trademark laws of said states consistently prohibit the recognition of any descriptive mark as a trademark.

(a) California

California Bus. & Prof. Code § 14207 recognizes that a trademark may be derived from "any word, name, symbol or device or any combination thereof adopted and used by a person to identify goods made or sold by him and to distinguish them from goods made or sold by others."

Per section 14220 (e) a descriptive term cannot be registered as a trademark.

(b) New York

New York's trademark law, at N.Y. General Business § 360 (a), uses a definition similar to that in Calif. Bus. & Prof. Code § 14207 to describe a trademark (see **Exhibit "38"**):

A trademark may use "any word, name, symbol or device or any combination thereof used by a person to identify and distinguish the goods of such person, including a unique product, from those manufactured and sold by others, and to indicate the source of the goods, even if that source is unknown."

Also, N.Y. General Business § 360-a (e), uses a definition identical to that in Calif. Bus. & Prof. Code § 14220 (a) to prohibit the registration of a descriptive trademark.

(c) Texas

Similarly, Texas Business & Commerce Code § 16.01(5) recognizes that a trademark means "any word, name, symbol, device, slogan or any combination thereof which, whether registered or not, has been adopted and used by a person to identify his goods and distinguish them from the goods manufactured or sold by others." (See **Exhibit "39"**.)

Likewise, per section 16.08 (a) (5) (A), a trademark cannot be descriptive.

(d) Florida

Florida's 2000 Florida Statutes § 495.011(1) also recognizes that a trademark may use "any word, name, symbol, character, design, drawing or device or any

combination thereof adopted and used by a person to identify goods made or sold by her or him and to distinguish them from goods made or sold by others." (See **Exhibit "40"**.)

Per section 495.021(e)(1), a trademark cannot be descriptive.

3. KP's "microcolor" is descriptive without a secondary meaning

First, plaintiff KP's admission that its "microcolor" phrase is descriptive precludes KP from proving the first element of the Cullman standard that it had acquired any state law trademark rights regarding the "micro color" phrase because a descriptive mark is not entitled to any trademark rights. Two Pesos, 505 U.S. at 769.

Plaintiff KP's declaration by Theresa Plante, and the deposition testimony of Theresa Plante, Kim Tran and Vanessa Plante amount to admissions that KP used the "micro color" phrase descriptively on bottling labels and seminar flyers to identify KP's pigment colors or shades. (See Uncontroverted Fact No. 4.)

With an admittedly descriptive "microcolor" mark, KP would have to demonstrate that its mark had acquired some valid secondary meaning in order to satisfy the Cullman standard.

But, the deposition testimony of KP's owner (Theresa) and her son (Josef) precludes any notion of a valid secondary meaning. Both Theresa and Josef Plante testified that KP did not consider "microcolor" as having any logo, brand or trademark value to KP.

Specifically, Theresa Plante and Josef Plante testified consistently at their depositions that they recognized only K.P. Permanent Make-up, Giantsun, Mylo and an eye-logo type of design as logos, brands or marks associated with KP. "Microcolor" was not listed as one. (Theresa Plante depos. at 128:1 thru 133:9, at **Exhibit "34"**; Josef Plante depos. at 39:23 thru 44:21, at **Exhibit "35"**.)

As a result, KP had no protectable trademark rights in its "microcolor" phrase so that KP cannot satisfy the Cullman standard.

4. KP admits that "microcolor" is not one of its trademarks or other proprietary assets

A **Second** reason for invalidating KP's claim is because KP admits that "microcolor" is not one of its trademarks.

As presented above and in Lasting's Uncontroverted Fact No. 5, KP makes no claim to "microcolor" as a trademark.

KP freely listed "KP Permanent Make-Up", "Giantsun", "Mylo" and an eye logo as claimed marks or brand names, but KP did not make a similar claim as to "microcolor". (Theresa Plante depos., at 129:1 thru 133:9; Josef Plante depos. vol. 1, at 40:14-21, 42:9 thru 44:22.)

According to Josef Plante, KP uses "K.P. Permanent Make-up" as its brand name for its permanent make up products, which would include the pigments, needles and other accessories. (Josef Plante depos. vol. l, at 43:25 thru 44:11, at **Exhibit "35"**.)

If "microcolor" is not a trademark for KP, then a *fortiori* KP cannot satisfy the Cullman standard that it has acquired the requisite trademark rights to invoke the prior use rule.

5. KP's "microcolor" phrase is functional; hence not capable of trademark protections so that it cannot be senior user

Aside from the above discussion of the consequence of a descriptive mark, the fact that KP's "microcolor" phrase is "functional" further prohibits the acquisition of any trademark rights for that phrase.

"Trademark or trade dress protection extends only to product features that are nonfunctional." Disc Golf Ass'n, Inc. v. Champion Discs, Inc., 158 F. 3d 1002, 1006 (9th Cir. 1998).

As described by the Ninth Circuit, functional features of a products are those that provide actual benefits, as distinguished from a feature that provide an assurance that a particular entity made, sponsored, or endorsed a product. Id.

The gist of the rule is that a functional mark cannot be trademarked.

Applying that rule here, if KP's "microcolor" phrase is a functional phrase, then it could never be trademarked. And, as a further result, with no trademark, KP cannot satisfy the Cullman standard to prove any senior use.

Here, for example with the bottling label (**Exhibit "32"**, at page 000158), KP uses the "microcolor" phrase as an identifier to explain to the customer the

particular pigment color or shade of the permanent make up pigment within the bottle to which the label is affixed. In such an illustration, the words "microcolor: green" on the label tells the customer that the pigment in the bottle is green in color. Hence, KP's use of the "microcolor" phrase is entirely functional.

Further, KP's use of the "microcolor" phrase in its seminar flyers was also functional. (**Exhibit "32"**, at pages 000159 - 000160.)

One cannot reasonably glean from KP's "microcolor" phrase that it is being used as a brand name for association with KP as the producer or maker of the pigment.

WHEREFORE, it is respectfully requested that the Court deny the motion for summary judgment by K.P. Permanent Make-Up, Inc.

Respectfully submitted,

CHARLES C.H. WU & ASSOCIATES
A PROFESSIONAL CORPORATION

By: CHARLES C.H. WU
Attorneys for Defendants and Counterclaimant
MCN International, Inc. and Lasting Impression I, Inc.

Dated: April 30, 2001

FOOTNOTES

[2] Defendants Lasting and MCN recognize the factual nature of the trademark infringement issues within Lasting's counterclaim. As a result, Lasting's cross-motion does not involve its trademark infringement

counterclaim. Instead, the cross-motion by Lasting and MCN only addresses KP's complaint for declaratory relief and KP's affirmative defenses to Lasting's counterclaim.

DECLARATION OF DARLENE STORY

I, Darlene Story, declare as follows:

1. The facts set forth in this declaration are personally known to me and I have first hand knowledge of these facts. If called upon to testify during the court of this action, I could and would competently testify thereto under oath. I am the founder of defendant/counter-claimant Lasting Impression I, Inc. ("Lasting") in this action. I am the president of Lasting.

2. I give this declaration to support Lasting's and MCN International, Inc.'s ("MCN") opposition to the motion for summary judgment by plaintiff K.P. Permanent Make-Up, Inc. ("KP").

3. At my February 23, 2001 deposition, KP's counsel, Michael Machat, asked me whether pigments and colors mean the same, and I said yes. As I understood Attorney Machat, I meant my answer to mean that "pigment", and sometimes "color", are used in the permanent make up field to refer to the pigments that are injected into the skin in the micropigmentation process. Mostly, it is "pigment". "Color" is used primarily to refer to the shade or hue of the pigment. But, in the context of the permanent make up procedure, it is possible for someone to use the word "color" to convey the meaning of "pigment" although "color" is not often used that way. That is why I said "Yes, but not often" at page 35, line 14 of my deposition transcript.

4. I disagree with KP that it is using the "microcolor" phrase fairly and descriptively to refer to its goods or services. As KP states, it uses that phrase on its bottling labels and in a new 1998/1999 brochure of its color charts. Said bottling labels of KP are presented

in Lasting/MCN's **Exhibit "32", at page 000158** to their cross-motion. Per KP's labels, it used the "microcolors" term to identify the pigment shade of the contents of the bottle; i.e., "microcolor: green" or "microcolor: pink". The *descriptive* nature of the "microcolor" phrase is not to identify the goods or services, but rather to identify a color hue. In other words, "microcolor" is not used to identify the permanent make up pigment as a good, but is used synonymously with "hue" or "color" as a user would understand it.

5. Further, KP's new brochures from 1998/1999 with its new color chart name of "microcolor pigment chart" is far from a fair use. At the outset, the new "microcolor pigment chart" phrase is displayed at page 22, lines 4-8 of KP's motion. The reason why KP's late adoption of "microcolor" to identify its permanent make up pigment chart is NOT FAIR, is because (1) KP had prior knowledge of Lasting/MCN's existing usage of the "micro color" trademark, and (2) KP was trying to get back at Lasting and MCN for the consent decree result of the patent infringement litigation in Mei-Chi-Na Beauty International, Inc. v. Theresa Kim dba Kim's Paradise, aka K.P. Permanent Make-Up and Skin Care, Case No. SACV 96-1155 AHS (Eex) in this very Court.

Per Theresa Plante's deposition at page 98, line 6 through page 99, line l, she testified that she was aware in **1995** that MCN was using the "microcolor" phrase because she saw MCN's product magazine. Hence, KP's development of its new "microcolor" chart in 1998/1999 was with prior knowledge that MCN was using the "Micro Colors" trademark.

With regard to the patent infringement litigation, I defer to the declaration of Lin McKinstry as that matter concerns MCN.

6. I also deny that Lasting or myself have used the "Micro Colors" trademark generically as KP contends in its motion.

KP contends that the statement: "**Beware: Micro-Colors® Pigment is the first and only Micro-Colors available by MCN**" involves a generic use. I disagree. The phrase reinforces that my company, Lasting, has a line of products bearing the "Micro-Colors" brand, and that the pigments are the first of such products.

KP contends that the statement: "**The Company uses 44 different Micro-Colors**" involves a generic use. I also disagree. The phrase appears in an article that I co-authored, and attached to KP's motion as Exhibit "N". In the paragraph that precedes that statement in the article, I abbreviated "Lasting Impression I pigments" as "Micro Colors". Also, at the time the article was published in January 1993, the trademark was not yet approved and registered until May 11, 1993. In any event, in the context of the article, I was saying that Lasting had 44 different shades of pigments for which I had pending an application to register with a "Micro Colors" trademark.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 30, 2001 at Englewood New Jersey.

Darlene Story

DECLARATION OF LIN McKINSTRY

I, Lin McKinstry, declare as follows:

1. The facts set forth in this declaration are personally known to me and I have first hand knowledge of these facts. If called upon to testify during the court of this action, I could and would competently testify thereto under oath. I am the president of MCN International ("MCN").

2. I give this declaration to support MCN's and Lasting Impression I, Inc.'s ("Lasting") opposition to the motion for summary judgment by plaintiff K.P. Permanent Make-Up,Inc. ("KP").

3. I disagree with KP that "micro pigment color" and "micro color pigment" are synonyms.

"Micro pigment color" refers to the hue or shade of a pigment. The phrase refers to the "color" of the permanent make up pigment.

"Micro color pigment" is a variation on Lasting/MCN's trademark of "Micro Color" pigments. The phrase refers to one of the pigments in Lasting/MCN's "Micro Color" brand line of products. Hence, these two terms are not synonymous.

4. On November 22, 1996, MCN sued plaintiff KP for patent infringement in the matter entitled Mei-Chi-Na Beauty International Inc. v. Theresa Kim dba Kim's Paradise, aka K.P. Permanent Make-Up and Skin Care, as Case No. SACV 96-1155 AHS (Eex) in this very Court. The parties entered into a Stipulated Consent Judgment by which KP acknowledged that it had committed patent infringement. (True copies of said

Complaint and Stipulation are attached hereto as **Exhibits "42" and "43"**.) Since the resolution of that prior lawsuit, and based on the "small world" nature of the permanent make up industry, and because KP and MCN are located within the Southern California market, I have developed strong beliefs that KP has held a grudge against MCN.

5. Indicators of KP's grudge include the following two examples: **(1)** Theresa Plante, the principal owner of KP, testified at her deposition with her accusation that MCN "stole" KP's exhibitor booth at trade shows (*see* Theresa Plante depos. at page 114, line 16-17) ; and **(2)** KP has further filed a new lawsuit on March 21, 2001 in the matter of Theresa Kim Plante and K.P. Permanent Make-Up, Inc. v. MCN International, Inc., Kuei Chou and Lin McKinstry, Case No. 01-02623 WMB (Ex) in an effort to invalidate the consent decree in the above-referenced Mei-Chi-Na case. This new lawsuit promises to keep KP and MCN in further legal entanglement for years to come. (Copies of the excerpt of the Theresa Plante deposition, and said Complaint are attached hereto respectively as **Exhibits "44" and "45"**.)

6. I further would like to respond to KP's attempt to relate different terms used in the permanent make up field. In my experience within the permanent makeup industry, I have not observed or encountered any belief or actual usage by me or others within the industry that "micro color" is an abbreviation for "micro pigment color".

7. Actually, KP's attempt to equate the two phrases is confusing. I am more familiar with "micro colors" as a brand name belonging to Lasting and MCN as used on their products.

8. Further, and within the permanent make up context, I understand "micro pigment color" to mean an attempt to refer to the shade or hue of a permanent make up pigment.

9. Part of the above analysis is based on "pigment" and "color" not being synonyms. Within the permanent makeup context, "pigment" means the actual tangible pigment liquid to be injected into the skin, and "color" refers to the shade or hue of the pigment liquid. The two words are used differently.

10. Additionally, I disagree with KP's argument that MCN and KP are competitors in the field of micropigmentation. The more appropriate term should be the field of permanent make-up.

11. "Micropigmentation" is a term used primarily in the medical field, having originated in that field in late 1980s. The usage of the "micropigmentation" word was not popular in the permanent make-up field until 1996 when our company MCN started a series of conferences entitled; "Micropigmentation Conference". Due to MCN's conferences, the word "micropigmentation" became more prevalent in the permanent make-up field. Before then, companies rarely used the term "micropigmentation". Instead, in the cosmetics/beauty field where MCN and KP have conducted our respective business, the more common term has been permanent make-up.

12. Lastly, plaintiff Theresa Plante alleges in her moving declaration that MCN has copied the model number of P-5000 from the plaintiff (Decl of Theresa Plante, para. 21). The model number for our Platinum 5000 machine is called MC-5000 and not P-5000. Additionally, responding to Ms. Plante's allegation that

MCN has copied plaintiff's pigment color nomenclature of Red1, Red2, etc., that nomenclature was invented by co-defendant Darlene Story of Lasting Impression I, Inc.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 30, 2001 at Irvine, California.

Lin McKinstry

DECLARATION OF GLORIA TORRES

I, Gloria Torres, declare as follows:

1. The facts set forth in this declaration are personally known to me and I have first hand knowledge of these facts. If called upon to testify during the court of this action, I could and would competently testify thereto under oath. I am employed in the sales department of MCN International ("MCN").

2. I give this declaration to support MCN's and Lasting Impression I, Inc.'s ("Lasting"') opposition to the motion for summary judgment by plaintiff K.P. Permanent Make-Up, Inc. ("KP").

3. I have worked with MCN since March 1, 1994. My responsibilities are primarily with international sales. However, in the MCN office, I have often handled sales calls for domestic sales as well. Also, I have attended trade shows on behalf of MCN.

4. I have always during my employment with MCN been aware that MCN carries a "Micro Colors" brand of permanent make up pigments.

5. In 1998/1999, I began receiving calls from prospective customers who seem confused by MCN's "micro colors". At the time of the calls, I was not aware that there was any other permanent make up company that also used "micro colors" as a marketing phrase or tool. Therefore, the confusion expressed by such callers seemed odd to me. Such callers were asking about "Micro Colors" products with which they seemed to be familiar yet the callers did not show on MCN's customer base list and my price quotes were much different from the price that the callers had previously paid. Only now,

with knowledge of this lawsuit with K.P. Permanent Make-up, Inc. do I understand that those prior callers were probably confusing MCN's "Micro Colors" pigments with something that KP was selling. Also, I have received calls from prospective customers who would ask if MCN carried KP's machines for "micro color" pigments. Further, 1 have been asked by prospective callers whether MCN's "Micro Colors" pigments and KP's "microcolor" pigments are the same products. At the time, such calls held no significance to me so I did not record these calls.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 30, 2001 at Irvine, California.

Gloria Torres

DECLARATION OF LIN McKINSTRY

I, Lin McKinstry, declare as follows:

1. The facts set forth in this declaration are personally known to me and I have first hand knowledge of these facts. If called upon to testify during the court of this action, I could and would competently testify thereto under oath. I am the president of MCN International, Inc. ("MCN"), one of the defendants in this matter.

2. I give this declaration in reply to the April 26, 2001 declaration by Theresa Kim Plante submitted by plaintiff K.P. Permanent Make-Up, Inc. ("KP").

3. In that declaration, Ms. Plante contends that Ms. Lydia Leung is a distributor of MCN based on a 1992 advertisement by Ms. Lydia Leung. Ms. Plante's information is not correct. If one looks closely at the product depicted in the 1992 advertisement of Ms. Lydia Leung, one would see that said product pertains to Mei-Chi-Na Hsin Yen Co. Ltd., a separate legal entity apart from MCN International, Inc.

4. In or around 1992, Mei-Cha-Na may have entered into business relationships with several vendors in the permanent make-up field, including the one that Ms. Lydia Leung may had been involved with. After the formation of MCN International, Inc. in 1992, a California corporation, Mei-Cha-Na no longer has a business relationship with anyone in the U.S. other than MCN International, Inc.

5. After the formation of MCN International, Inc. Ms. Leung is not and has never been a distributor of MCN International, Inc.

6. Additionally, at the deposition of Theresa Plante, we introduced the actual pigment bottles with bottle labels affixed thereto from the following customers or distributors of KP: Billie Smith, Melissa Murphy, Oscar Morales, and Shirley Cagley.

7. True printouts of the digital photos depicting said bottles having said subject bottle labels are attached hereto and labeled as **Exhibit "46."** The exhibit attached hereto as Exhibit "46" is also attached to the deposition transcript of Theresa Plante as Exhibit "4" and "5."

8. Said bottles having bottle labels (**Exhibit "46"**) contradict the assertion of Plaintiff that it has always been using a bottle labels having the style containing the word "microcolor." Said rebutting bottles show that only the word "color" was used instead of "microcolor." Thus, the credibility of plaintiff's assertion is at issue.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on May 7, 2001 at Irvine, California.

Lin McKinstry

sterilized?

A. (In English.) No.

MR. MACHAT: Objection. Vague.

THE WITNESS: (In English.) Any product. What product?

BY MR. WU:

Q. Well, you told me earlier you also sell needles.

A. Oh, needles, yes. Those are sterilized. Those are needles and equipment s. They are sterilized.

Q. But you're not claiming your pigments are sterilized?

A. The pigments, no. And that's also a secret I don't want to share with you.

***

CASE NO: SA-CV-00-276-GLT (EEx)

UNITED STATES DISTRICT COURT FOR THE
CENTRAL DISTRICT OF CALIFORNIA

K.P. PERMANENT MAKE-UP, INC.,
Plaintiff,

v.

LASTING IMPRESSION, INC. and MCN
INTERNATIONAL, INC.,
Defendants.

JUDGMENT

This Court having heard plaintiff's motion for summary judgment, hereby finds for the plaintiff and makes the following rulings

1. There exists no genuine issue of material facts in this case, and plaintiff is entitled to judgment in its behalf

2. The words "micro colors" are generic and incapable of obtaining protection under the laws of Trademarks and Unfair Comoetition.

3 Defendants do not have the exclusive use or rights to the following terms "microcolors" and "micro colors".

4. Defendants are hereby prohibited from interfering with plaintiff s use of the words "micro colors" and/or "microcolors" and/or "micro color" and/or "microcolor"

5 Plaintiff is entitled to recover its costs and attorneys fees incurred in this action.

/s/ Gary L. Taylor

United States District Court Judge

Dated: May 16, 2001

Respectfully Submitted,

By: Michael Machat
Attorney for Plaintiff
KP Permanent Make-Up, Inc.

DECLARATION OF LIN McKINSTRY

I, Lin McKinstry, declare as follows:

1. The facts set forth in this declaration are personally known to me and I have first hand knowledge of these facts. If called upon to testify during the court of this action, I could and would competently testify thereto under oath. I am the president of MCN International ("MCN").

2. I give this declaration in support of Lasting's application for a preliminary injunction or, alternatively, for summary judgment against plaintiff K.P. Permanent Make-Up, Inc. ("'KP").

3. In 1984, my business of Mei-Cha began manufacturing beauty supplies and equipment, including permanent makeup and related supplies and equipment. In 1992, MCN was formed to take up the business of Mei-Cha. MCN continues to market and sell the Mei-Cha brand.

4. In 1993/1994, MCN received from Lasting an exclusive international distributorship to market and sell "micro colors" products in the aesthetics and beauty portion of the permanent make up industry. There is a medical side to the permanent make up industry, but MCN does not do business in that sector.

5. Since MCN acquired said distributorship, I have continuously and aggressively marketed and promoted the Mei Cha and "micro colors" product lines. It bears noting that MCN does not have any clinics for the actual application of the permanent make up products to the ultimate user/customer. MCN only sells the products

and equipment. MCN relies on clinics and beauticians to select and use its products.

6. While engaged in furthering the business of MCN, I have also monitored the activities of MCN's competitors, including plaintiff KP. I give this declaration based on my personal involvement and supervision in virtually every aspect of MCN's business.

I

MCN's USE AND PROMOTION OF THE "MICRO COLORS" TRADEMARK, AND ITS LEADERSHIP IN THE INDUSTRY

7. As the exclusive distributor for Lasting, MCN is authorized to market, distribute and sell Lasting's "micro colors" pigments.

8. A true copy of a sample color chart of the "micro colors" pigments is attached hereto as Exhibit "8". The color chart advertises most of MCN's over 80 shades of "micro colors" that can match over 300 skin tones.

9. True copies of sample labels used by Lasting and MCN for its "micro colors" products is attached hereto as Exhibit "9". As is shown, the "micro colors" mark is prominently displayed on the color chart and the product labels.

10. I truly believe that MCN has contributed greatly to the permanent make up industry consistent with its corporate objective to raise the standards of the industry through education, training and superior and safer tools and products. MCN has taken the lead to create standards in an industry that lacks any governmental regulations. Because the permanent make

up process involves penetration into the skin or dermal, the sterility of the tools and equipment is very important, and MCN is a leader in that aspect too.

11. Towards that end, MCN has supported major trade conferences that offered educational seminars.

12. MCN has a network of distributors that spans the globe in over 55 countries. Those countries are listed in one of MCN's published brochures. (A true copy of said list is attached hereto as Exhibit "17".) Copies of advertisements by MCN and its local distributors in Brazil and Lebanon, for example, are attached hereto collectively as Exhibit "18".

13. MCN has now held over 6 different conferences here and abroad to promote the permanent make up industry and further the trade standards for product quality and safety. However, MCN also uses tradeshows to further sales efforts to compliment mail marketing to the members of the industry.

14. In August 1994, MCN sponsored and held a First Annual International MCN Micropigmentation Educational Conference that took place in Las Vegas, Nevada. (A true copy of a promotional brochure for said conference is attached hereto as Exhibit "11".) The conference was so successful in raising awareness within the industry that it prompted an editorial in the journal for the Centre For Dermal-Pigmentation Advancement of Texas. (A true copy of said editorial is attached hereto as Exhibit "12".)

15. In August 1995, MCN sponsored and held a Second Annual International MCN Micropigmentation Educational Conference that took place in Anaheim,

California. (A true copy of the agenda for said conference is attached hereto as Exhibit "13".)

16. In 1997, MCN held its Third Annual conference in Mexico City, Mexico. (A true copy of excerpts from the program is attached hereto as Exhibit "14".) We skipped a conference in 1996 as it was just too costly for MCN to organize events of such caliber and size at such first rate venues.

17. In 1998, MCN sponsored and held its Fourth conference that took place again in Las Vegas. (A true copy of a promotional brochure for said conference is attached hereto as Exhibit "15".)

18. MCN has also branched into overseas conferences. In 1999, MCN sponsored and held its First Annual Congresso Brasileiro de Micropigmentacao in Sao Paulo, Brasil. (A true copy of a promotional brochure for said conference is attached hereto as Exhibit "16".)

II

KP'S INFRINGEMENT ACTIVITIES: EVEN PLAINTIFF KP'S OWN MATERIALS SHOW THAT IT DOES NOT USE "MICRO-COLORS" FOR ITS PIGMENTS UNTIL RECENTLY IN 1999

19. MCN and plaintiff KP are direct competitors in the field of permanent make-up. Based on knowledge I acquired by reviewing KP's catalogues and price lists, and having seen KP's products at trade shows and elsewhere, both MCN and KP offer similar products to the same types of customers. Both MCN and KP have developed respective pigments that we separately market with the use of color charts. I am aware of other competitors in the trade but, as far as I know to date,

none of the other competitors use Lasting's registered "micro colors" mark.

20. I have attended hundreds of trade shows regarding skin and cosmetics care and products, and have consistently collected advertisements, price lists and "hand-outs" from competitors and others in the trade, especially those who also attend the trade shows. I attend the conventions that are organized by the International Congress of Esthetics, as well as the conventions that MCN has itself sponsored. I also keep up with the various trade periodicals that publish advertisements and articles concerning permanent make up. Furthermore, I also simply receive information in the mail from companies that seem to mass-mail their information to those of us in the permanent make up industry.

21. Based on my efforts in keeping up with the business, I am only aware of plaintiff KP's first use of "micro colors" by its advertisement in a 1999 trade show program. To my knowledge, before then, plaintiff KP did not use the "micro colors" phrase.

22. I have over the years obtained information on MCN's competitors primarily through trade shows and simply by receiving materials through the mail from the competitors. The materials I have received or acquired regarding plaintiff KP from 1995 to the present show that plaintiff KP did not use the term "micro colors" until 1999.

23. In 1995, I received price lists from plaintiff KP regarding its products. (True copies of said price lists are attached hereto as Exhibits "19" and "20".) In said price lists, plaintiff KP referred to its permanent

make-up colors as "colors", "non toxic pigment" or "pigment color".

24. In a 1996 trade show program for El Decimo Congreso International De La Estetica (translated 10th Annual International Convention of Aesthetics), plaintiff KP advertised its "pigments color chart" without using the term "micro colors". (True copies of excerpts of said program are attached hereto as Exhibit "21".)

25. In 1996 and 1997, I again received price lists from plaintiff KP regarding its products. (True copies of said price lists are attached hereto as Exhibits "22" and "23".) In said price lists, plaintiff KP again referred to its permanent make-up colors as "colors", "non toxic pigment" or "pigment color".

26. In a 1998 trade show program for The International Congress of Esthetics held in Miami, Florida, plaintiff KP advertised a "color chart" without using the term "micro colors". (True copies of excerpts of said program are attached hereto as Exhibit "24".)

27. I further obtained plaintiff KP's "color chart", copyrighted 1999, that did not use the term "micro colors". (A true copy of said chart is attached hereto as Exhibit "25".)

28. In a 1999 trade show program for The International Congress of Esthetics held again in Miami, plaintiff KP first advertised a "micro color pigment chart". With that chart, it appears that plaintiff KP began using the registered term of "micro colors". (True copies of excerpts of said program are attached hereto as Exhibit "26".)

29. I came across plaintiff KP's "micro color pigment chart" again as it was included among plaintiff KP's price list and order form. (True copies of said materials are attached hereto as Exhibit "27".)

30. Then, in the 2000 IBS Long Beach trade show, plaintiff KP again advertised its infringing "micro color pigment chart". (True copies of excerpts of said program are attached hereto as Exhibit "28".)

31. The words "micro color" in plaintiff KP's infringing ads are conspicuously kept together in a manner similar to Lasting's registered trademark, yet collectively separated from "pigment" and "chart". Plaintiff KP has aligned the words as follows:

microcolor
pigment
chart

32. To date MCN, together with Lasting, are still in the process of determining whether any one has been actually confused by plaintiff KP's using the "micro color" trademark.

III

OTHER COMPETITORS DO NOT USE "MICRO COLORS" FOR PIGMENTS

33. I have researched how other competitors in the permanent make up business market or advertise their make up pigments. Other than plaintiff KP, I have found no other company that uses the phrase "micro color" to market permanent make up pigments.

34. Identified below are various competitors along with a brief description of how they respectively market their permanent make up pigments:

(1) A 1992-93 price list for Solutions For Beauty advertised its permanent make up colors as "Permanent Cosmetic Color". (A true copy of said price list is attached hereto as Exhibit "30".)

(2) A 1993 price list for Acti-Color advertised its permanent make up colors as "pigments". (A true copy of said price list is attached
hereto as Exhibit "31".)

(3) A 1993 price list for United Tattoo Supply advertised its permanent make up colors as "cosmetic colors" and "United creamy pre-mix colors". (A true copy of said price list is attached hereto as Exhibit "32").

(4) A 1994 price list for the Institut Americain de Dermo-Pigmentation advertised its pigments as "liquid/cream pigments". (A true copy of said price list is attached hereto as Exhibit "33".)

(5) A price list for Mei Beauty Products, Inc. (from a 1997 trade show) advertised its pigments and color chart for "Mosty colors". (A true copy of said price list/color chart is attached hereto as Exhibit "34")

(6) A price list for Permanent Make-Up, Inc. (dated October 1, 1997) advertised its colors simply as "non-toxic pigment". (A true copy of said price list is attached hereto as Exhibit "35".)

(7) The Academy of Electrology advertised its permanent make up colors as "Sof Tap Permanent

Cosmetics" in 1997. (A true copy of said ad is attached hereto as Exhibit "36".)

(8) As mentioned above, plaintiff KP offered a "color chart" and otherwise advertised its pigments without using the "micro colors" mark. (True copies of KP's price lists and ads are attached hereto as Exhibits "19", "20", "21", 22", "23", "24" and "25".)

(9) A June 1999 price list for Charme International advertised 42 different shades of "MegaColors pigments". (A true copy of said price list is attached hereto as Exhibit "37".)

(10) An undated price list for Cleo Colors advertised its "Cleo Color pigments". (A true copy of said price list is attached hereto as Exhibit "38".)

(11) An undated color chart for Premier Products advertised its "mixing colors", "correctional colors", "camouflage colors", among others. (A true copy of said color chart is attached hereto as Exhibit "39".)

(12) An undated price list for Tri-Lab Products advertised its "Designer Series Colours". (A true copy of said price list is attached hereto as Exhibit "40".)

(13) An undated price list for Spaulding-Rogers Mfg., Inc. advertised its "Cosmetic Colors" and "Tattoo Colors". (A true copy of said price list is attached hereto as Exhibit "41".)

(14) An undated price list for Permanent Choices advertised its color chart and price list for "Permanent Choices Pigments" and "permanent makeup colors". (A true copy of said price list/color chart is attached hereto as Exhibit "42".)

(15) An undated advertisement for Silver Needles Products & Services, Inc. advertised its "Rainbow Colors" created by Rainbow Pigment Colors, Inc. (True copies of said advertisement and the related price list are attached hereto as Exhibit "43".)

(16) An undated catalog for Derma-Medical Institute advertised its colors as "Derma Medical Colors". (A true copy of excerpts of said catalog is attached hereto as Exhibit "44".)

(17) An undated price list for Forever Natural advertised its colors as "premixed cosmetic pigments". (A true copy of said price list is attached hereto as Exhibit "45".)

(18) An undated price list for Forever More Permanent Cosmetics Inc. advertised its colors simply as "liquid pigments". (A true copy of said price list is attached hereto as Exhibit "46".)

(19) Mary's Permanent Make-up advertised its color chart simply as a "color chart". (A true copy of said price list is attached hereto as Exhibit "47".)

(20) A price list for Paradise Permanent Make-up advertised its colors simply as "pigments". (A true copy of said price list is attached hereto as Exhibit "48".)

(21) A color chart for Boca Ta-2 advertised its colors simply as "pigments". (A true copy of said color chart is attached hereto as Exhibit "49".)

35. Further, in the 2000 Directory issue or the April 2000 issue of Skin, Inc., the magazine published a list called "Brand Name Cross-reference". That reference list

identifies the "micro colors" brand as belonging to Lasting and MCN:

Brand Name	Company Name
Micro-Color Pigments	Lasting Impression I
Micro-Colors	MCN International

(True copies of excerpts of said magazine are attached hereto as Exhibit "50".) Skin, Inc. is a widely respected trade journal for the beauty or esthetics industry, and I suspect that any company in the trade subscribes to it or should subscribe to it.

36. As the Skin, Inc. reference list shows, no other company is recognized as a user of the "micro colors" mark.

IV

PLAINTIFF KP SHOULD HAD KNOWN
OF THE REGISTERED "MICRO COLORS" MARK

37. I believe that plaintiff KP had prior knowledge of Lasting's and MCN's "micro colors" mark, or should had known of the mark.

38. First, plaintiff KP had constructive knowledge of Lasting's mark as registered in 1993 (Exhibit "1").

39. Second, MCN engaged in heavy promotion of its "micro colors" product line, especially at its 1994, 1995, 1997 and 1998 trade shows and at industry trade shows in 1998, 1999 and 2000 for which program excerpts are provided herein. (Exhibits "11", "13", "14", "15", "16", "24", "26", and "28".)

40. Third, plaintiff KP and MCN were co-exhibitors at industry trade shows in 1998, 1999 and 2000. (Exhibits

"24", "26", and "28".) It would not be unreasonable to assume that representatives of each company observed the other's booths and products on display.

41. Fourth, plaintiff KP and MCN are not legal strangers. On November 22, 1996, MCN sued plaintiff KP for patent infringement in the matter entitled Mei-Chi-Na Beauty International, Inc. v. Theresa Kim dba Kim's Paradise, aka K. P. Permanent Make-Up and Skin Care, as Case No. SACV 96-1155 AHS (Eex) in this very Court. The parties entered into a Stipulated Consent Judgment by which KP acknowledged that it had committed patent infringement. (True copies of said Complaint and Stipulation are attached hereto as Exhibits "51" and "52".) One would think that plaintiff KP would be more alert as to the products and proprietary assets of MCN, and be more careful when treading into the area of the "micro colors" trademark.

I declare under penalty of perjury under the laws of the Unit States of America that the foregoing is true and correct. Executed September 27, 2000 at Irvine, California.

Lin McKinstry